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# THE ECONOMIC RESOURCES OF ITALY

THEIR DEVELOPMENT DURING THE LAST  
TWENTY-FIVE YEARS AND THEIR PRESENT  
CONDITION

·I·

PUBLISHED BY THE "CREDITO ITALIANO"








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THE ECONOMIC RESOURCES  
OF ITALY

·I·







# THE ECONOMIC RESOURCES OF ITALY

THEIR DEVELOPMENT DURING THE  
LAST TWENTY-FIVE YEARS AND THEIR  
PRESENT CONDITION

1895-1920

·I·

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# INTRODUCTION

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IN the history of Italian economics the last twenty-five years will have a special and marked significance. It may even be said that with the close of this period the new history of Italian economics begins. It begins with certain and determined energy, sound preparation and conscious faith in the future of the country, a faith that, far from being shaken by the difficulties of early post war days, never diminished or languished in the slightest degree.

During this period were developed the operations of the "Credito Italiano", which to-day celebrates the first quarter of a century of its existence though its origin is, in point of fact, more remote, being the same as that of the Banca di Genova of ancient and honoured memory. The progress of the Bank, as at present constituted, has developed in proportion to the increase in the economic efficiency of the nation and in this connection the "Credito Italiano" may, in the best




sense, be considered and judged. Indeed, without undue pride it may be asserted that the development of the "Credito Italiano" not only reflects the upward trend of the economic fortunes of the country but has been one of its many promoters.

☪ For this reason the "Credito Italiano" desires to commemorate the twenty-fifth anniversary of its foundation by relating in the following pages the varying conditions of Italian economics as exemplified in its most significant details.

☪ Milan, 1920.



A decorative rectangular border with a repeating floral and scrollwork pattern, enclosing the title text.

## FIRST PART







THE POPULATION OF ITALY  
AND ITS POWER OF  
EXPANSION









**I**TALY, hailed by Virgil as "magna parens virum", maintained the same relative position at the beginning of the nineteenth century as at the time of Rome's greatest splendour. With the exception of the small countries of Belgium and Holland, she was still first as regards density of population, counting 63 inhabitants to the square kilometer, whereas in Spain the number per square kilometer was less than 20, in France about 50, and in Great Britain no more than 60.

**C**The population increased enormously during the 19<sup>th</sup> century though at first sight it seemed as if Italy had fallen below the standard of other countries in this respect. Two facts were responsible for this; emigration and the demographic conditions of the country.

It must be borne in mind that in comparison with the total area the proportion of land in Italy capable of cultivation and of supporting a population is smaller than in other countries.



When the population of Europe first began to show a marked increase Italy had already attained a density for which, contrary to conditions prevailing elsewhere, there was smaller possibility of expansion. For centuries she had been ahead of other nations as will be seen from the following tables:

Y E A R	Total population	Population per sq. km.
1800	18,125,000	63.2
1862	25,000,000	87.2
1882	28,459,628	99.3
1901	32,447,474	113.2
1914	35,597,784	124.2

☪ The estimates for the 4 years of the war (1915-18) and the first year of peace (1919) are compiled from the last known census, the number of deaths and emigrants being deducted and the births and immigrants added. Many details are not yet published but among them tribute must be paid to the glorious dead, those 560,000 Italians of pure descent, not including foreigners and colonials, who died in the war. Besides these there are the 260,000 emigrants who returned from every corner of the world to fight for their country, another fact redounding to the great honour of Italy.

It may be stated therefore that on the 31<sup>st</sup> December 1919 the population of Italy as contained within the old political boundaries, amounted to 36,210,000. This is some hundreds of thousands in excess of what it was at the outbreak of war and even at the moment when Italy entered the conflict. The end of





## The population of Italy

(In millions)



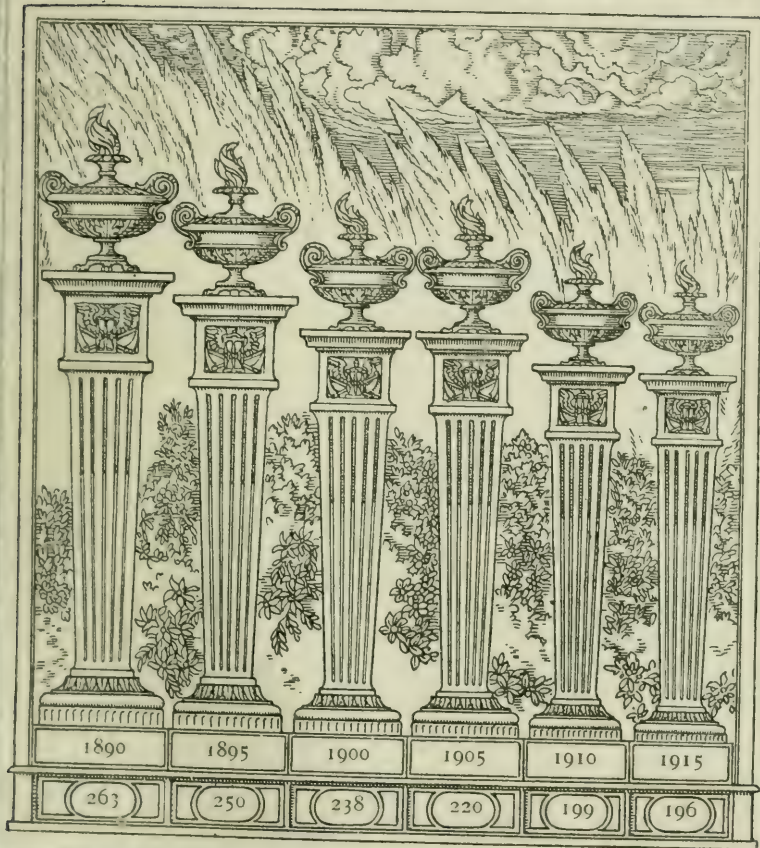
the current year however may see a yet further increase of some 1,000,000 owing to the many marriages that have taken place and the births foretold. Truly a case of reaction!

At the beginning of 1920 the new political boundaries of Italy on every side, were not fully determined and consequently it cannot be definitely stated by how much the new population will exceed the old. However, reckoning the additions at a probable 1,500,000 they would raise the population of Italy, in round numbers, to 38,000,000.

☉ According to the observation of normal times, the annual increase of the Italian population is six or seven per thousand. Since the beginning of the 19<sup>th</sup> century other countries have seen their populations doubled within a period of 85 years. In Italy 120 years would have to elapse before that could be the case. This does not argue inferior fertility or less power of resistance. Italian fertility ranks among the highest in Europe; the mortality is average but decreasing with gratifying rapidity. In the years immediately preceding the war the births exceeded the deaths by 13 or 14 per thousand, which it will be seen is double the official increase per cent published by successive census returns of the Kingdom.

This discrepancy is easily explained as well as the comparatively moderate figures of the above statistics of increase; both are due to emigration. Every year more and more hundreds of thousands of her sons leave Italy. In 1913 the number of emigrants was 900,000 (2.50 per cent of the population) and of these 64 per cent were bound for America. It is only because

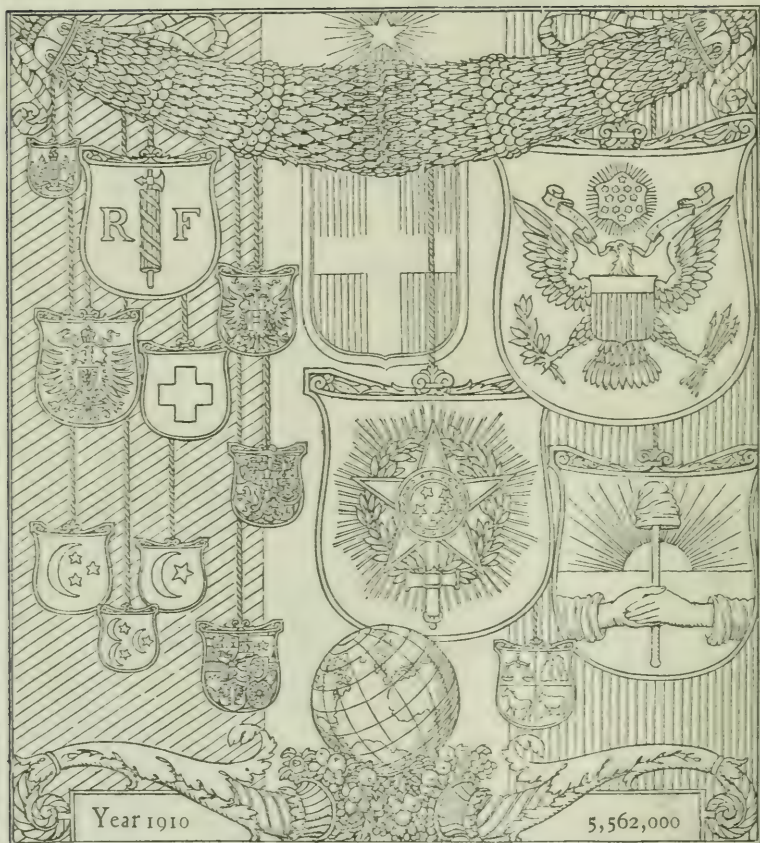




## Italian vitality

(Mortality per 10,000 inhabitants)





## Countries where Italians contribute effectively to production

(Number of Italians resident abroad in 1910)



about half of these same emigrants eventually return to their home that Italy is able at all to see her children increase and prosper on their native soil.

It is owing to emigration that Italy alone among the great belligerent Powers of Europe issued from the general conflagration with a larger population than when she entered it, and this without counting any accession of territory. In fact emigration ceased almost entirely during the war, all forces converging towards the defence of their country and the maintenance of her rights.

¶ This singular position of Italy in comparison with other states is a guarantee for the reconstruction of her economic fortunes. It is easily understood that for the complete reconstruction of a people deriving its vitality from its own state, there must be added to the Italians living in the mother country those others who for reasons of economy, are scattered over the world. The greater number of these, 80 per cent, are in America, while most of the remaining 20 per cent are to be found in the European countries and in North Africa. Reckoning the Italian emigrants at six or seven millions, the population of Italy, inside and outside her boundaries, would attain a total of 45 millions.







LABOUR, THE FUNDAMENTAL  
ELEMENT











TALY being one of the youngest of nations in the matter of accumulation of capital, the foundation of all her economic progress is labour, which indeed constitutes the fundamental element of all prosperity and riches.

For both at home and abroad the Italian worker has with indomitable pertinacity contributed to the national prosperity. She has succeeded in overcoming the grave natural disadvantages of a complete lack of coal, a scarcity of iron, and a mountainous territory to a great extent ill-adapted to modern intensive culture.

Her rapid progress in the most varied fields of modern industry is due to the activities of the Italian labourer, strong, healthy and intelligent, whose qualities constitute the greatest strength of the nation. Italian labour has proved its worth in the reclamation of vast marshy tracts in the Ferrarese and the Veneto; in the wonderful canalization system of the Po valley; in such colossal water works as the Apulian Aqueduct and those audaciously planned mountain railways that link up the different parts of Italy.



Also in the sphere of industry the capacity of the Italian workman is fully asserted in spite of the adverse conditions under which the Italian manufacturers labour through the shortage of raw material, most of which has to be imported. Thanks to the technical skill of the Italian craftsmen, mechanical industries have made rapid and constant progress, especially the automobile trade which has a high reputation in foreign markets. In recent years Italian craftsmanship has proved its worth in the electrical, chemical and textile industries.

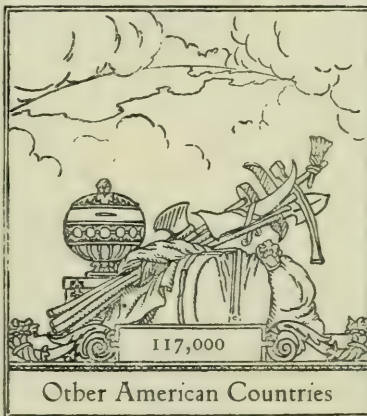
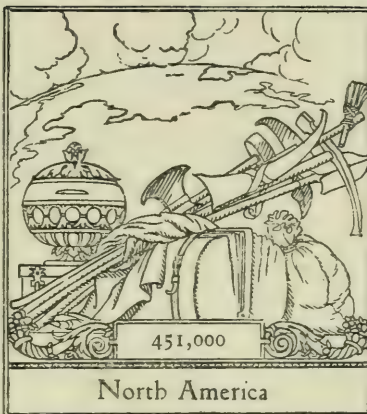
☪ The Italian worker is essentially adaptable with a bent towards specialization and his mobility has a great effect on production. In accordance with the exigences of his trade he can migrate readily from the mountain to the plain, from district to district, even from continent to continent. Before the war about 50,000 Italians embarked at Naples and Genoa in September and October of each year to gather in the winter crops in the Argentine, returning home in the spring for the Italian summer harvest.

The economic future of Italy may be safely entrusted to the working energy of her ever increasing population.

☪ According to the latest census returns the population of Italy is sub-divided into the following classes:

A) Agriculture: 2,611,955 men and 1,603,693 women, casual land workers; 1,129,155 men and 452,337 women on the metayer sis-





## The periodic waves of Italian productive labour

(Number of Italian workers who carry their services abroad every year)



tem, and farmers with small holdings; 1,108,728 men and 606,532 women in control of, or working on their own or their relatives land; 536,281 men and 157,837 women, tenant farmers; 295,355 men and 89,238 women, peasant, farmers who contract to give the proprietor of their farm a certain number of days work in lieu of part of their rent; 207,764 men and 29,241 women, cowherds, ploughmen and shepherds.

B) Industry: 289,405 men and 1,068,376 women in the textile trade; 1,054,862 men and 207,057 women in agricultural products; 894,853 men and 35,215 women in the mines and the building trade; 637,645 men and 26,370 women in industries and businesses dealing with public services; 496,907 men and 21,517 women in metal industries; 110,084 men and 3,194 women in mining industries; 64,631 men and 35,878 women in the chemical trade.

During the war many workers formerly engaged in domestic and agricultural work were employed in the production of war material. About 800,000 alone were employed in establishments requisitioned for military purposes.

☪ There exists in Italy a social legislation for the protection of labour, the recent development of which deserves mention. Before the war certain legislative measures were introduced by the following Institutions:

1) Social Insurance. Compulsory insurance of industrial workers and of working mothers temporarily out of employment





## The agrarian population of Italy

(Number of persons over nine years of age)

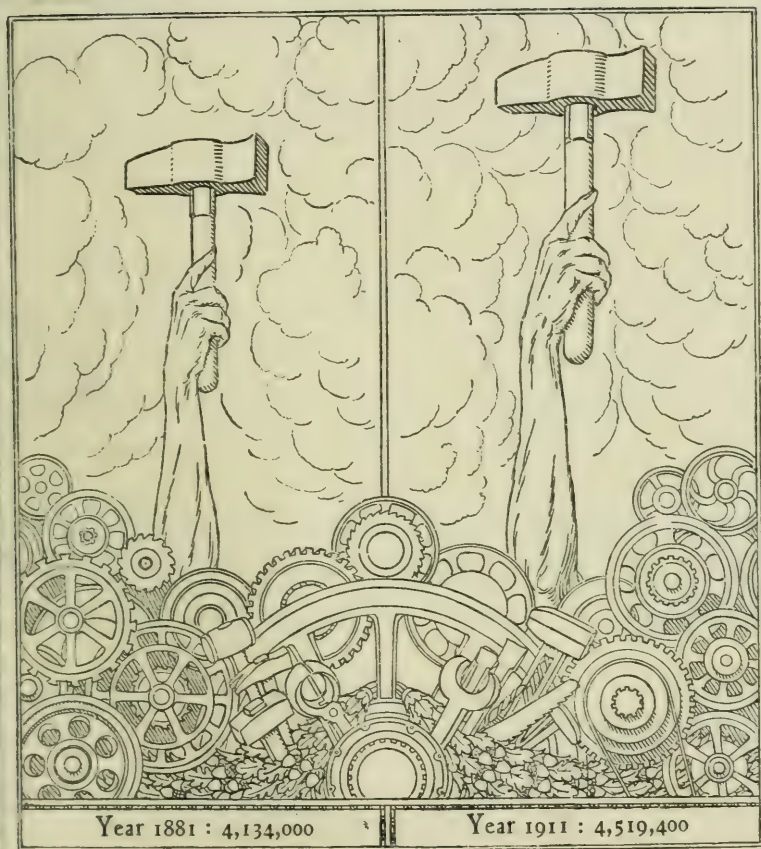


during confinement. This was undertaken by the Cassa Nazionale di Assicurazioni for workers disabled in the discharge of their duties; founded in 1883 with Head Office in Rome. It has 37 branch offices, 27 subsidiary offices, 83 agencies, 1,874 sub-agencies and 26 surgeries; capital of 5,500,000 lire, ordinary reserve of 19,500,000 lire, extraordinary reserve of 12,500,000 lire. In 1919 this Institution insured 889,028 workers; 91,276 cases were reported, 19,803,944 lire was paid out in compensation and 37,342,396 lire paid in premiums. In the same year the National Maternity Fund settled 14,509 claims; 591,185 persons were insured. Insurance against total disability and old age was provided free, supplemented by the State through the National Provident Fund, for invalid and superannuated workers, which up to December 31<sup>st</sup> 1919 has enrolled 298,181 workers on the mutual branch and 382,449 on the individual contribution branch. Total Funds 460,000,000.

Special pension funds were founded for workers in sulphur mines and the mercantile marine. The Government granted a subsidy to the Provident Fund for the relief of involuntary unemployment.

2) Legal Protection. Prohibition of the employment of children under 12 years of age in any industry; in the case of unhealthy or dangerous trades the age limit was 14, 15 and 16; establishment of the maximum working hours for women and children employed in factories; abolition of night work for factory women and bakers; prohibition of the use of white phosphorus in the manufacture of matches; institution of the





## The industrial population of Italy

(Number of persons over nine years of age)



weekly day of rest and holidays on the usual festivals, both in commercial and industrial establishments; assistance and protection of emigrants and special attention to workers in the rice fields and in malarial districts; the setting up of representative Industrial Councils and Commissions for the settlement of disputes between emigrants and the owners of emigrant vessels.

3) Co-operation. The granting of fixed facilities for co-operative societies in general, and of legal facilities for the promotion of public works by co-operative societies of labour and production and their affiliated societies. Central Committees for Co-operative Associations.

4) Consulting and Inspecting Body. This consists of a Council, Committee and Office of Works, the representatives being nominated by a syndicate. Inspectorate of Works.

¶ During the war special social decrees were introduced with the object of ensuring to the labouring class an equitable system in the matter of wages and hours, the maintenance of contracts that had lapsed owing to workers having been called to arms. Other decrees dealt with agricultural contracts and agreements made with workers in private employment, and with local and central arbitration committees. Measures were afterwards introduced to come into effect immediately on the cessation of hostilities concerning compulsory insurance against illness, old age and unemployment; for the benefit of disabled agricultural workers, and the finding of employment.



¶ After the war, in 1920, the following rules for social insurance were introduced: compulsory insurance of industrial workers, the entire charge to be borne by the employer; compulsory insurance of agricultural workers, the entire charge to be borne by the employer; compulsory insurance against disablement and old age of workers engaged in industrial agricultural or domestic duties or in business, half to be contributed by the worker and half by the employer; compulsory insurance against involuntary unemployment of industrial, commercial and agricultural workers, half the charge to be contributed by the worker and half by the employer; compulsory insurance against maternity of women in industrial employ, half contributed by the worker and half by the employer; compulsory insurance against illness or accident of industrial, commercial and agricultural workers, the charge to be borne by the worker and employer with assistance contributed by the State.







AGRARIAN PRODUCTION AND  
STOCK BREEDING











AGRICULTURE is one of the most complex of industries varying as it does according to locality. What is to be said then of the agricultural pursuits of such a country as Italy, where pasture lands and plantations clamber up the Alps to a height of

2,500 metres, while in the valleys below the shores of Garda and Maggiore are lined with fruit gardens and olive groves? On the banks of Lake Como olives, chestnuts and vines grow side by side; in the valley of the Po fields of rice alternate with wheat, maize, hemp and beetroot, while vineyards, mulberry trees and countless other fruits flourish on every side. The slopes of the Apennines are covered with cereals, pasture land and beech woods, and the winter cultivation of flowers makes a garden of the shore of Liguria.

The olive is met with again on the hills looking towards the Tyrrhenian Sea. Herds of cattle, sheep, horses and even buffaloes roam over the Tuscan Maremma, the "Agro Romano" and the Pontine Marshes, whence it is but a short distance to

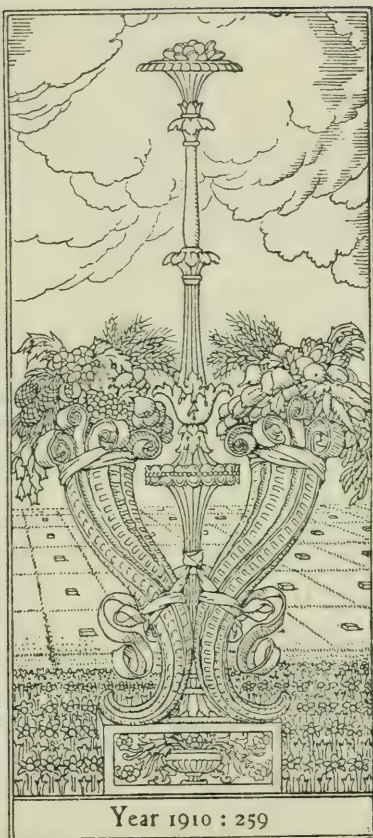
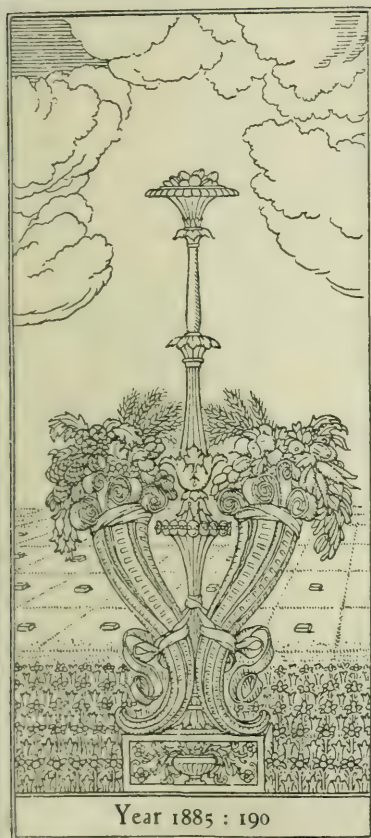


the Kingdom of the Hesperides. Who has not heard of that enchanted coast extending from Amalfi to Salerno and furthest Calabria, from Palermo to Messina and Syracuse, a garland of oranges, lemons and mandarins through which is wafted the sweet scent of the "zagara", as the orange blossom is called in Sicily.

The shores of the Adriatic present a fantastic succession of the most varied cultivation. Bari and Foggia nestle in a sea of verdure, among gardens, vineyards and groves of the Lecce olive. The extensive cornfields of the Apulian "Tavoliere" adjoin the less favoured region of Basilicata where a sturdy and quick-brained people live in perpetual conflict with malaria, landslips and drought. Olive trees and vineyards flourish in the Abruzzi, which also possess extensive sheep grazing lands. The hillsides in the Marches are dotted with cottages belonging to returned emigrants who are clearing the ground and making it ever more productive. Further north lie the Romagna, Emilia and the Veneto, the home of hydraulic improvements, the industrialisation of agriculture and the cattle-rearing industry.

Cheese-making, wine-pressing and the production of olive oil are prosecuted under the most varied conditions. Milk is produced and treated in the pasture lands of the Alps and Apennines, as well as in the valleys and plains, in both mild and hot climates; wine-presses are found in the Val d'Aosta and on the slopes of Etna and the olives are gathered and crushed in Ventimiglia as well as in Palermo where still tower those colossal plants said to have been introduced by the Saracens.





## Agricultural progress in Italy

(Average yield per hectare in francs - gold)

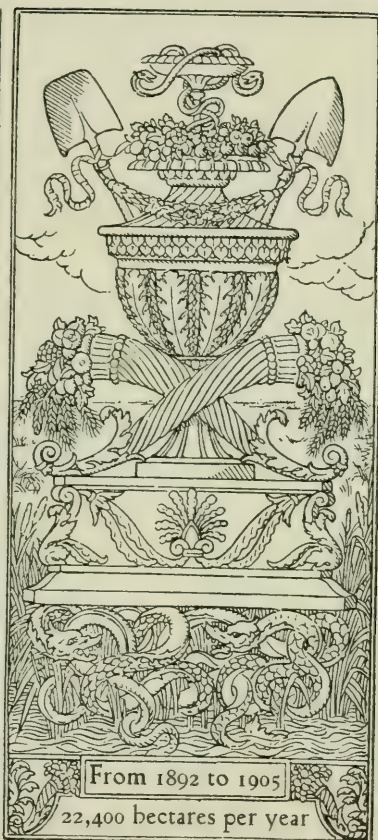


¶ Among such a variety of agricultural pursuits it is by no means easy to state the total progress attained. In 1864 Maestri calculated Italian agrarian production at three milliard lire, that is to say two milliard agrarian products and one milliard raised by the breeding of animals. This gives an average of 115 lire per hectare which is higher than in France where the average was estimated at 100 lire per hectare. In 1885 the estimate of Italian agrarian production was five milliard, or 190 lire per hectare, and finally in 1900 the Agrarian Statistical Office reckoned it at seven milliard, or 259 lire per hectare, i. e. 371 lire in North Italy, 195 lire in Central Italy and 200 lire in the South. Calculated according to altitude it works out at an average of 132 lire in the mountains, 249 in the lower hills and 486 in the plain.

¶ Italian agricultural statistics are almost always estimated, both by Italians and foreigners, on the basis of the average wheat production per hectare, or assuming an average of 10 quintals. This does not take into account the predominance in Italy of herbaceous plants and fruit trees and that no estimate of gross production can be accurate unless to the value of the wheat, rye, maize or meadow land there be added that of the mulberry, vines, olives and fruits that ripen on the same ground. Such a valuation would show that land which at pre-war price was only capable of the above wheat average, yielded a gross return of more than 500 lire per hectare.

The production of wheat, however, shows undeniable progress. This is a matter of great importance in Italian agrarian economy, such an extensive area being occupied by this crop;





## Amount of land reclaimed from water in Italy

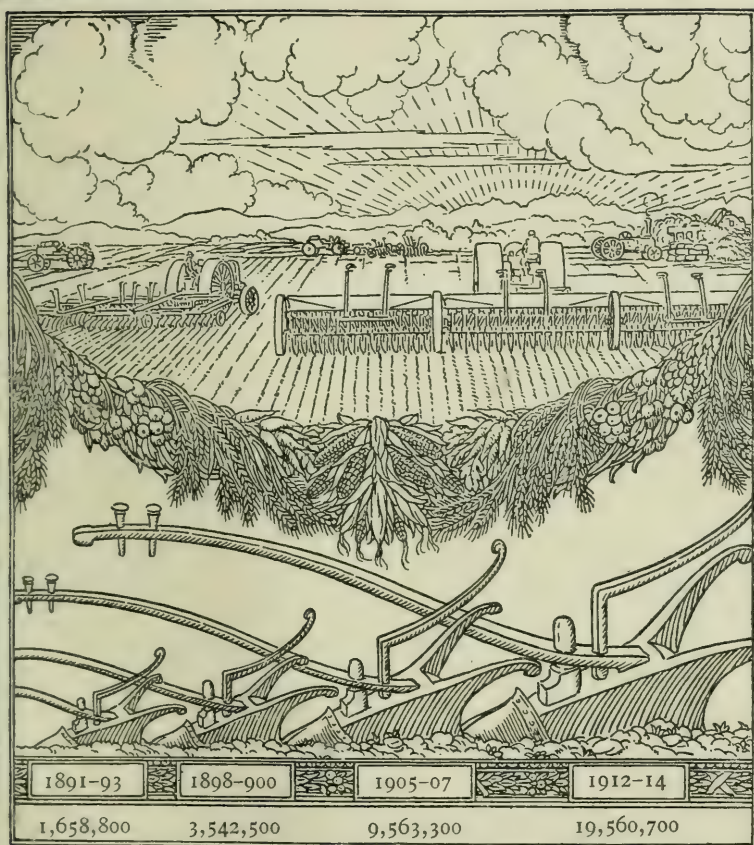
(Extension of draining operations)



out of a total area of 26,000,000 hectares agrarian and forest lands, 13,000,000 hectares of which are given up to grain cultivation, 4,700,000 are devoted to wheat alone. Statistics show that the difference between a good and a bad harvest in Italy may be computed at from ten to thirteen million quintals. Both good and bad harvests however show an increasing rate of production. An average of the seasons before the war gives 46,781,000 quintals for 1909-1910, and 52,283,000 for 1913-1914, the variation indices for the five seasons being 100-102-104-110-111. A comparison of the production in different parts of Italy between 1909 and 1914, proved that the most appreciable increase in wheat production was shown in Upper and Central Italy, the Abruzzi and Campania included.

¶ The reasons for this special productivity, as well as for the progress of agrarian production in general, are too numerous to be dealt with here in full. During the last twenty-five years new tracts of land have been reclaimed and vast hydraulic operations carried out, by means of which a considerable stretch of sand along the Adriatic coast has been made productive. The canalisation of lagoons and water-logged ground has been completed by a system of drainage that has reclaimed considerable tracts of country. Crumbling banks and cliffs, where for centuries the waters have continued their work of destruction, have been saved from collapse by embankments and supports, and rain water conduits constructed in such a manner that extensive chalky areas are being continually brought under cultivation. Even the lava of Etna has been





## The employment of machinery in Italian agriculture

(The annual import of agricultural machines in Italian lire. - The national production of agricultural machines has increased in proportion)



made subject to the mine and the pick and transformed into terraces of profuse vegetation.

☪ The employment of animal traction for ploughing has induced the import of large quantities of foreign ploughs, besides encouraging local production. In 1916, when ploughing by steam had been only recently introduced, it was estimated that the number of steam ploughs in the country amounted to 200 direct traction machines, 20 Fowler and 500 Howard chain-driven ploughs. Many of these were the property of agricultural societies, and used in common. Many thousands of tractors and double and treble furrow ploughs have been imported, first by agrarian associations and merchants and afterwards by the State, to be operated by squads of soldiers, especially in the devastated areas. These have now been taken over by farmers, who value them highly. These most useful machines are now being built by national automobile firms, in which branch of production also this industry is well to the fore.

☪ Irrigation is effected through canals and the system of distribution is constantly improving. The small reservoirs surrounding the fields, so common in the Piacentino are also met with elsewhere and concessions are frequent for tapping the rivers for irrigation purposes and the generation of electric power. Filtering galleries, like those constructed beneath the beds of Sicilian and Calabrian torrents, are becoming more common, especially for vegetable and fruit cultivation. Those



abundant springs whose wasted waters form the marshes of the "Agro Romano" have been disciplined and utilized so that even in the height of summer the ground is covered with a vegetation that produces pasturage for ever-increasing herds of milk-producing animals.

☞ Chemical manures are becoming more and more widely used and cultivated. In 1900, 3,000,000 quintals of superphosphates were consumed and by 1913 the amount had increased to about 11,000,000, of which over 10,000,000 were produced in the country. In 1901 about 255,000 quintals of Thomas's patent manure was used and twelve years later the amount was 1,400,000. About 200,000 quintals of salts of potassium, 700,000 of nitrate of soda, over 300,000 of sulphate of ammonia and some 200,000 of calcium cyanamid, this last being produced in the country, make up the list of the chemical manures consumed in Italy. In addition the soil is further enriched by the increasing cultivation of leguminous plants chemically manured. In the plain where new ground has been broken, on slopes of chalk and clay, are fields of lupines, clover, sainfoin, lupinells, etc., besides those rapid intermediate crops, vetch, pulse and red clover the cultivation of which is of such benefit to the growth of rice, maize, hemp, etc. Under the action of superphosphate, the broad bean, so widely distributed in the South, and the lupin give a larger yield and also help to enrich the soil for the crop that succeeds them.

☞ The better the conditions, the better the plant and the greater





## Agricultural development

(Consumption of chemical manures in Italy. In tons)



er the profit is a maxim that is making its way also in Italy. Hence the mechanical selection of seeds entrusted to industrial establishments connected with agricultural co-operative societies, hence the physiological selection to which science and practice have devoted their efforts, and hence also the crosses effected for the creation of new types giving a greater return and possessing greater powers of resistance.

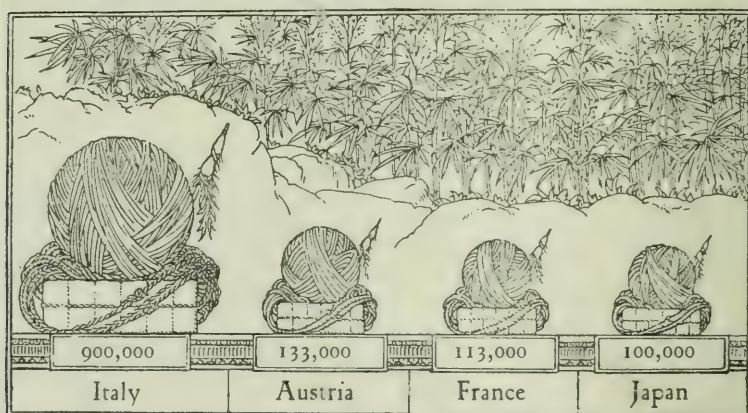
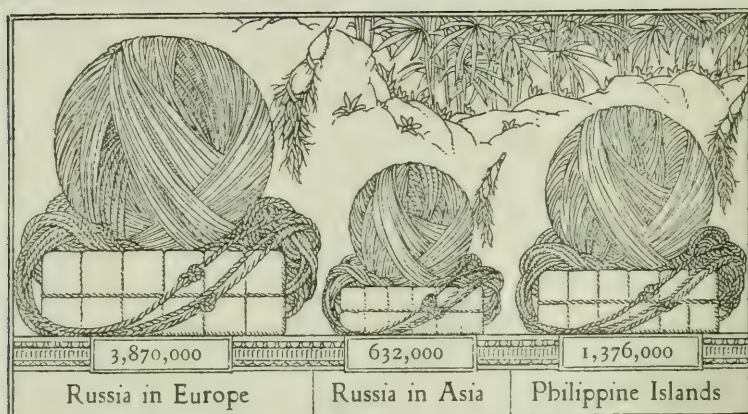
☛ Certain cultures of recent introduction are asserting themselves vigorously. Among these is the sugar beet, the cultivation of which was so strongly advocated by Cavour. The home production of sugar rose from 4,475 quintals in 1888-1889 to 1,653,118 quintals in 1908-1909 so that it became one of the exports of the country. Its cultivation occupies some 61,000 hectares.

Hemp had to cede ground to the more lucrative product and dwindled from its old area of 155,000 hectares in 1875 to 100,000 in 1895 and 87,000 hectares between 1909-1913. Owing, however, to improved methods of culture the total output of fibre which in the old days varied between 715 and 950,000 quintals, was maintained at an average of 835,000. Flax cultivation, owing to the fall in prices between 1889 and 1898 sank from 30,000 to 8,700 hectares. As in Flanders, the classic land of flax production, it was beaten by Russian competition and its place has been partially taken by meadow land.

Sericulture will be dealt with in the chapter on industry when speaking of the silk trade.

Tobacco cultivation has gained in area. This commodity being





## Hemp production in different countries

(Given in quintals for the year 1913-14)



a State monopoly is subject to fluctuations in prices. In 1900 it occupied 4,635 hectares and in 1910, 8,770 with a production of 122,000 quintals of leaf.

The tomato is extensively cultivated in Emilia, Campania, etc., and yields a good return. Between 1909 and 1910 the average yearly output was about 5,000,000 quintals. There are several bottling and preserving factories and in 1913, 467,000 quintals were exported, chiefly to England, the highest figure yet attained.

Such experimental cultures as hops and barley for brewing, though successfully prosecuted in Umbria and Belluno, require no more than a passing mention. It should be noted, however, that a great deal of research has been devoted to the preserving of agrarian products. The process for transforming fodder into ensilage, for the substitution of hay and the old type of ensilage, is one the of results of these researches.

☪ The more important and productive branches of arboriculture, for instance the olive and the mulberry, are passing through a critical period. The vines are infected with phylloxera but will recover through the organization of the numerous anti-phylloxera societies, both the State and the public working together to save the vines. Successful results have been obtained by the introduction of American stocks and excellent hybrids created.

Fruit-growing is making progress and 574,000 quintals of fresh fruit were exported annually between 1898 and 1920. For 1912-1913 the number of quintals exported was 1,292,000, repre-



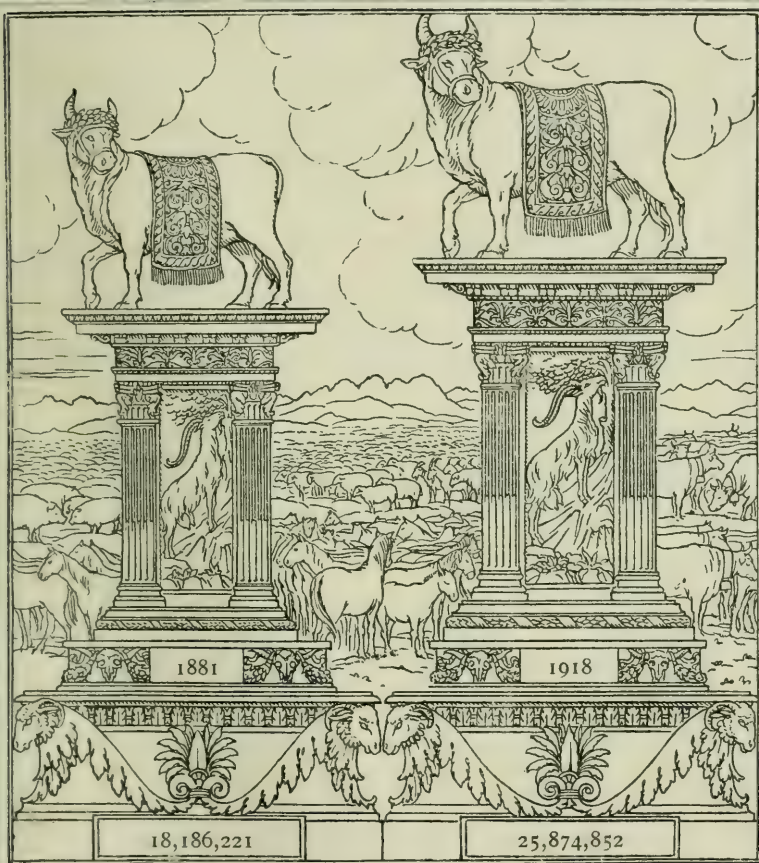
senting 46,000,000 lire. 600,000 quintals of dried fruits were exported between 1907 and 1913, the value in money amounting to 54,000,000 lire. In recent years the peach has been widely cultivated in Emilia and the Romagna, the production per hectare being 160-180 quintals with a gross annual return of 12,000 lire.

The cultivation of oranges, lemons, etc. and such fruits as are designated as "agrumi", increased greatly between 1870 and 1890 and continues to do so in spite of foreign competition and parasitical disease. The annual average production is estimated at 7,862,000 quintals. With it are connected those industries for the distilling of essences of orange, bergamot, lemon and mandarine, the manufacture of lime-juice, calcium citrate, citric acid, etc. It is a very remunerative culture.

Thanks to more extensive and accurate methods of cultivation, the average annual production of hay between 1909 and 1913 was about 231,000,000 quintals. This has naturally had a good effect on the cattle-breeding industry as will be seen from the following table, where the statistics for 1876 and 1881 and for the last census of April 1918 are given side by side:

Horses .. .. .	1876-81 ..	657,544 ..	1918 ..	989,786
Donkeys .. .. .	» ..	675,246 ..	» ..	949,162
Mules .. .. .	» ..	293,868 ..	» ..	496,743
Oxen .. .. .	» ..	4,772,162 ..	» ..	6,239,741
Buffaloes .. .. .	» ..	11,070 ..	» ..	24,026
Pigs .. .. .	» ..	1,163,916 ..	» ..	2,338,926
Sheep .. .. .	» ..	8,596,108 ..	» ..	11,753,910
Goats .. .. .	» ..	2,016,307 ..	» ..	3,082,558

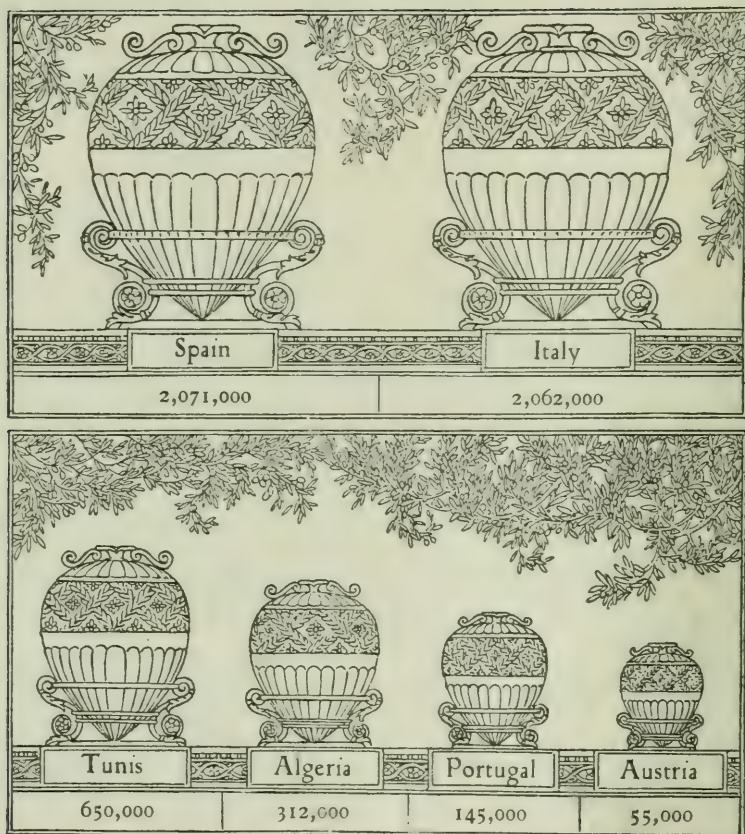




## Italian live-stock statistics

(Number of head of cattle)





## Italy's contribution to the world pro- duction of olive oil

(In quintals, for 1916. - The statistics for Algeria and Austria are for 1912)



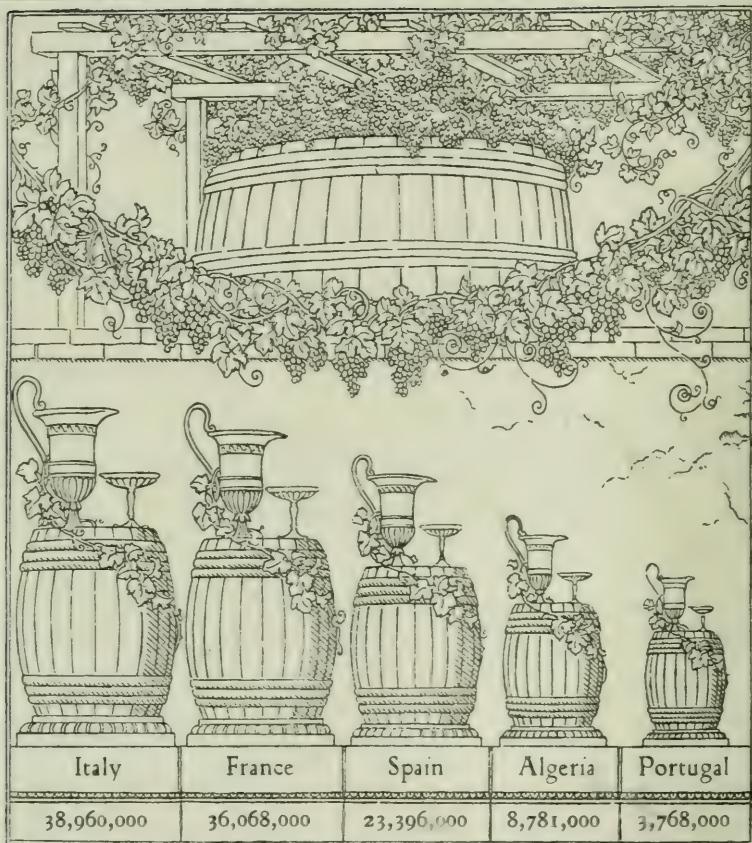
This shows a considerable advance when it is borne in mind that Italy does not lie in the region of pasture land and that the dryness of her soil and climate are not conducive to forage production. To increase or even to maintain production means that great difficulties have to be overcome.

Nevertheless the number of horses, cattle, sheep, etc., has not only increased but the breed has been improved through selection, crossing and the introduction of new stock. In the case of horses good results have been obtained by means of Government stallions.

Ⓐ Agrarian industries deserve special mention. The most marked progress is apparent in the cheese industry by the establishment of hundreds of co-operated dairies. These are not confined to the districts of large producers, as for instance Sorresina dairy farm which collects daily from 600 to 700 hectolitres of milk, but are to be found also among the small farmers. Large industrial dairies have been built where the milk is purchased for the preparation of the various milk products that have for some years constituted an article of export. The most modern machinery is used and the methods employed in the fermenting, sterilization, refrigerating and scalding are of the best. The happiest results have been obtained in the imitation of cheeses peculiar to different parts of Italy and of such foreign cheeses as Gruyère, Sbrinz, Emmenthal etc., and in the preparation of curdled milk and milk sugar etc.

In Liguria and Apulia the olive oil industry has assumed great importance and in other districts still maintains its rural





## Italy's predominance in the production of wine

(Given in hectolitres for 1916)



character though appreciable progress has been made in the methods of gathering, cleaning and preserving the fruit and in the appliances used.

The wine trade flourishes under most varied conditions and in most cases is but a humble and domestic industry. In Piedmont, however, in the Veneto, in Tuscany, Apulia and Sicily, large co-operative cellars, rich producers with extensive wine vaults and influential merchants are increasing and a decided improvement is taking place in the quality of the wine and the utilization of the waste products.

The manufacture of citric acid is quite a new industry. Of the world production of 4,500 tons, 1,000 come from Palermo and the remainder is prepared in Germany, England and the United States from calcium citrate imported from Italy.

☪ All this progress has been stimulated by instructional and experimental institutions and industrial propaganda. In addition to the old-established Agricultural Colleges of Milan, Pisa and Portici, others have sprung up at Bologna, Perugia and Acireale. More than 100 travelling professorships have been founded for the diffusion of instruction in agricultural matters by lectures and pamphlets and fields assigned for purposes of experiment and demonstration. The International Agricultural Institute founded at Rome by the King in 1905 and patronized by numerous nationalities has also facilitated agrarian research in the country.

There is a close network of Co-operative Agrarian Associations in the North of Italy, but in the South and the islands



they are more loosely linked. Their influence on the trade in agricultural implements, manures, concentrated animal foods and fungicides has been of great value. There is only one Italian Federation with its Head Office at Piacenza and it embraces about 1,000 of these associations. In 1919 it purchased on behalf of the members, goods to the value of 160,000,000, which goods, both raw and manufactured material, were directly imported by the Federation. The banks advanced the means for this wise movement, which grew and intensified after the war through the multiplication of agrarian associations.

☪ A movement is developing for the improvement of the economic relations between landlords, or controllers of funds, and workers on the land. One tendency inclines towards a system of collective tenures, financed by credit establishments, and with special inspectors to advise the peasants thus associated and to ensure the best results.

A similar tendency may be traced in the Opera Nazionale dei Combattenti, founded by the State, the funds of which have been increased by crown property relinquished by the King. In connection with it is a recently introduced scheme for the expropriation of land that has not been cultivated or developed to its full extent. Such ground is to be given to ex-soldiers to cultivate, with a view to its eventually becoming their property. In many provinces Charitable Societies are combining to rent their landed property directly to peasant associations.



☪ In spite of the hardships inflicted on it during the great war, and the serious loss sustained in workers, Italian agriculture cannot be said to be depressed on the whole. In the dense, rural population of Italy, it possesses a living force, and its future is bright with the prospect of attaining still further progress.







INDUSTRIAL POWER:  
"WHITE COAL"











THE absence of coal veins in Italy has always constituted a serious disadvantage to her industrial development, and already long before the fuel problem had assumed its present world-wide importance, the water power of the country had been turned to account. The Alpine barrier to the north and the great dividing chain of the Apennines give birth to numerous streams whose varied characteristics can all be turned to industrial profit as they have long been utilized for agricultural purposes and inland navigation. Such great names as Leonardo da Vinci and the Conte di Cavour occur to the mind when one surveys the imposing works for the collection and distribution of water.

AS soon as the practical possibility of long distance transmission had been demonstrated, the first hydro-electrical stations sprang into being. Of these Tivoli may be considered as the first example of long distance transmission of industrial power, as it was a working plant in 1892. It was succeeded by the Pa-



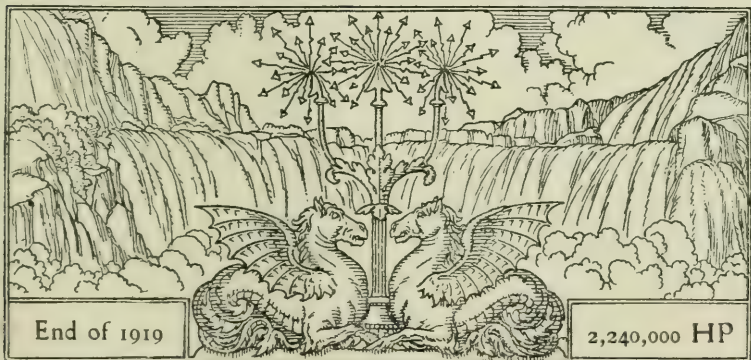
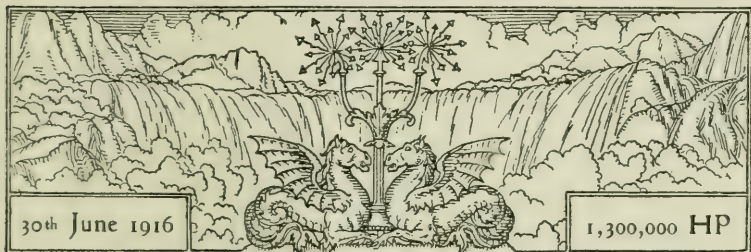
dermo three-phase current station, for many years the most important power house in existence in Italy or elsewhere.

☪ According to the most reliable statistics the hydro-electrical plants in Italy at the end of 1910 may be calculated as working at about 500,000 kilowatts.

In nearly every case these were based on State concessions for the diversion of water from the public waterways, calculated at a nominal HP which does not take any account of power house efficiency loss. The above 500,000 kilowatts correspond therefore to an energy of about 1,000,000 nominal HP in the government concessions.

Between 1911 and June 1916 the number of concessions granted increased at an average annual rate of 60,000 nominal HP. In the second half of 1916, however, concessions increased greatly both in importance and number under the impulse of the growing demand for power, and radical innovations in the laws of concession. New concessions succeeded each other at a rate of about 270,000 HP per annum. At the end of June 1916 the total amount of power conceded had been 1,300,000 nominal HP, but by the 31<sup>st</sup> December 1919 it had risen to 2,240,000. Naturally some time must elapse between the granting of a concession and the erection of an effective plant and for obvious reasons the actual power is in excess of the amount quoted in the deed of concession. Owing to the war it has not been possible to arrive at exact, or even approximate statistics of the total power of existing plants. The delay in starting or completing works for the utilization of the newly-conceded





## The utilisation of white coal in Italy

(Concessions for derivation of water power from the public watercourses)

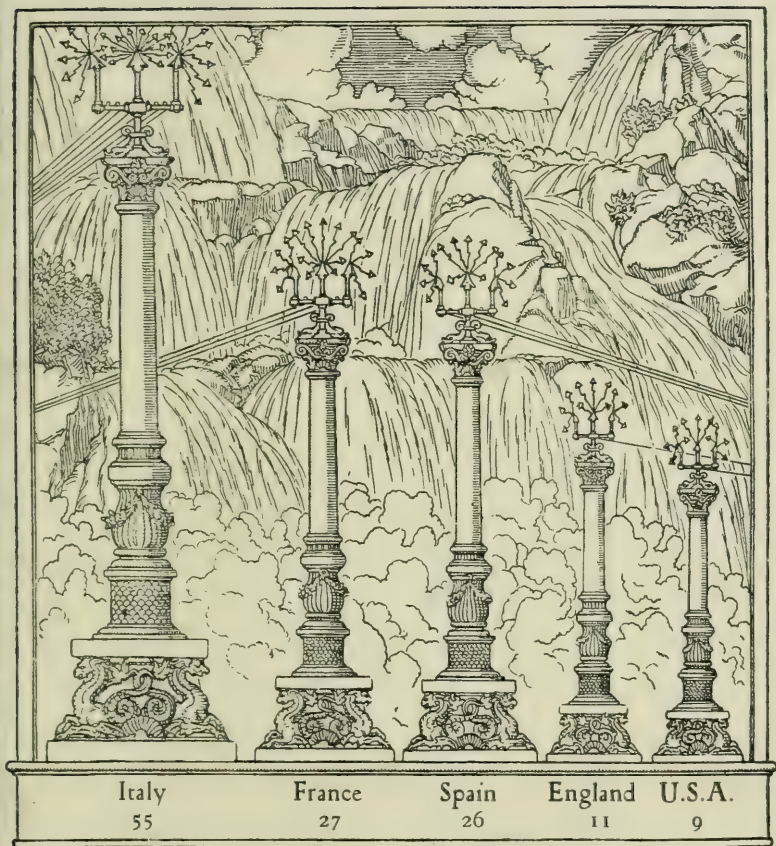


power is due to the same cause. It may however, be taken that at the beginning of 1920 the total power represented by the working plants in Italy, corresponds to about 800,000 kilowatts or 1,600,000 nominal HP.

¶ Before the war the average cost of hydro-electric plants was estimated at 500 lire per nominal HP, which in some especially favourable conditions worked out at 70 lire per kilowatt a year. At the present day, however, for many reasons, the average cost of the new power stations is estimated at over 2,000 lire per nominal HP. In order to stimulate construction legislative measures have been recently introduced with the object of granting adequate subsidies for a limited period, to the new plants and the new lines of transmission, and permanent and fiscal facilities towards the construction of reservoirs and artificial lakes. There is a brisk demand for new concessions and there are at present important applications under consideration which would involve the erection of power-stations of several million HP. The preliminary investigations that have led to the drawing up of the new schemes, which though daring in conception deserve serious consideration, show that previous estimates of the total amount of power obtainable from the Italian rivers, have been greatly exceeded and this discovery forms the basis on which new plants are projected.

¶ In the past power houses were constructed with reference to the minimum volume of rivers so as to ensure the total efficiency of the central station throughout the year. As the





## The world's hydro-electric potentiality

(Dynamic HP available per square mile of surface)



amount of water in Italian rivers varies enormously according to the season, the power obtainable was represented by a very low figure, and consequently at times a great deal of available energy was wasted by the works constructed on this principle. In the next period power houses were planned on a more generous basis, and in proportion to the volume of a stream during six or seven months of the year. In the dry season it followed either that many of the units of the central power house suspended work altogether, thereby obliging certain industries to close down, or else permanent power was provided by subsidiary steam plants, or integrating stations.

☪ At the present day, however, a more rational solution has been discovered, and one likely to confer a benefit on economics in general, the construction of large reservoirs to catch the overflow in the full season and distribute it in the dry. These reservoirs regulate the flow of the water in proportion to the power required during the different months of the year or hours of the day. Enormous capital and great skill is naturally essential for the erection of such works. Nearly all the new demands for concessions imply the construction of reservoirs, thereby raising the power derivable from even insignificant rivers to a value as yet unforeseen.

In the regulation of the streams and the prevention of flood and drought these reservoirs act as safeguards against the perils of inundation and are of especially great advantage to irrigation as the dry season falls in the summer when irrigation is most needed.



Before concluding these remarks on the effective volume of rivers, mention must be made of the water that falls into the catchment basin of a river and which, not being absorbed by the soil, constitutes the origin of surface drainage. The Hydrographic Service, recently instituted throughout Italy, will provide the actual statistics of this most valuable hydraulic possession and suggest the most judicious method of utilizing it.







WORKING OF MINES  
AND INDUSTRIAL  
PROGRESS





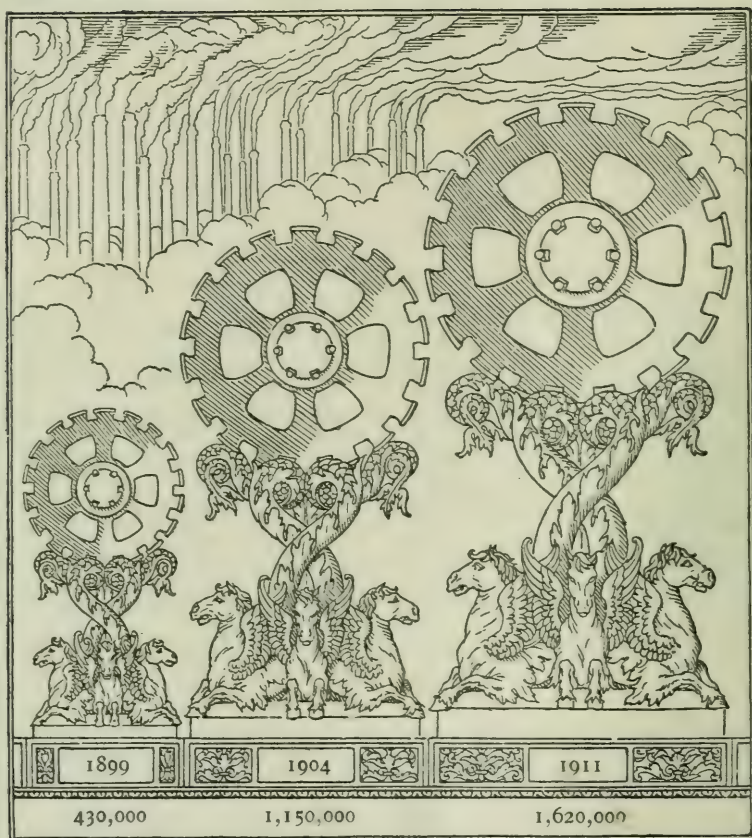




**I**TALIAN industrial progress may be dated from the end of the last century when the first great power stations were erected. Her development since then may be considered truly marvellous when it is borne in mind that Italy's life as a nation began only fifty years ago, and that with few exceptions, none of her component States were possessed of any industrial tradition.

**T**wo factors have contributed to the progress attained during the last twenty years; the spirit of initiative in those men whose names are associated with the businesses they have founded, directed and enlarged, and the construction of hydro-electrical stations which have placed at the disposal of industry the motor power necessary to its prosperity. Available motor power and an intelligent industrious and sober working class have furthered the development also of those industries partially or entirely dependent on imported raw material.





## Amount of motor power employed in Italian industries

(Total dynamic HP)



According to the industrial census of 1911, Italian industrial establishments at that time numbered about 244,000 and employed an approximate total of 2,300,000 persons; they were worked by some 46,200 motors with a total HP of 1,620,000 of which about 952,000 HP was generated by hydraulic motors, 471,000 by steam and 197,000 by internal combustion engines. Of the total power about 1,000,000 HP was transformed into electric power.

For a comparative statement of Italy's industrial progress reference should be made to the amount of HP granted by the Government during different years, the number of boilers installed and the quantity of coal imported. The statistics regarding HP have been given in the preceding chapter. The following table gives the number of steam boilers.

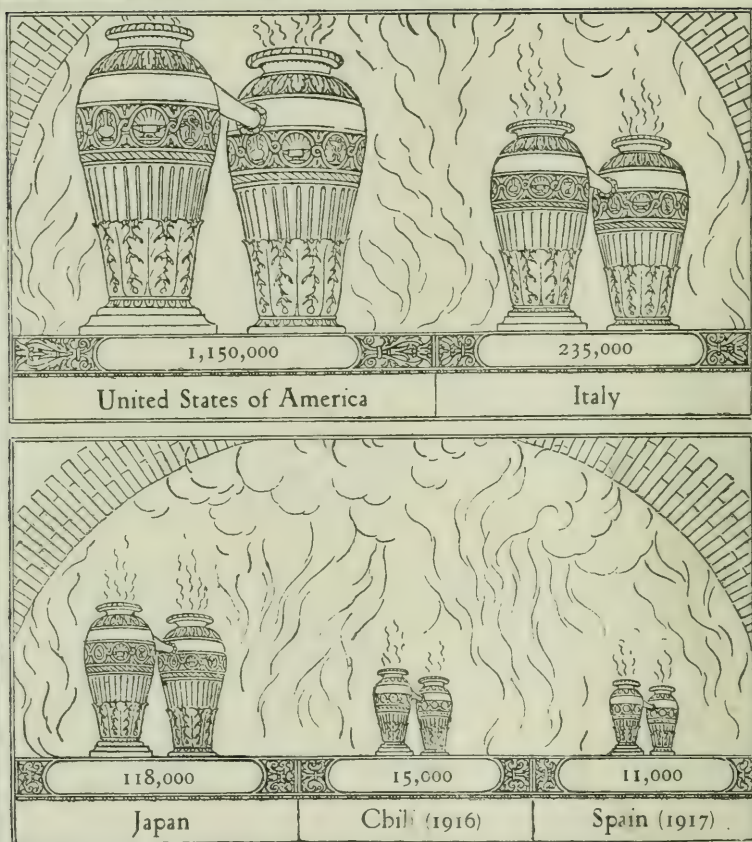
YEAR	Fixed and portable boilers	Heating surface in square meters
1904	26,853	626,051
1914	37,261	1,006,765

### Quantity of coal imported:

1900	..	..	..	..	..	..	..	..	..	4,947,180 tons
1914	..	..	..	..	..	..	..	..	..	9,758,877 »

Further proof of Italy's industrial development as a whole is given by a comparison of the statistics of the total consumption of electric power which in 1914 was 2,500 million kilowatt-hours as against 350 million in 1900.





## Italy's contribution to the world production of sulphur

(In tons, for 1918)



Industries connected with the extraction of minerals are among those that have been the most developed and they are capable of still further development. The soil of Italy is rich in mineral deposits owing to the volcanic nature of many districts and has not yet been fully exploited. In addition to sulphur, of which some 3 million tons are exported annually, there are valuable deposits of zinc, lead, mercury and aluminium, besides iron, copper, manganese and antimony to a lesser degree. The full extent of the oil-fields is not yet known, there are moreover layers of peat and important mines of lignite and bituminous schist. Researches are being undertaken in places where the geological conditions suggest the presence of coal. Boracic acid and rock salt also deserve mention while the marble and alabaster quarries of Italy and her building stone are world-renowned.

In 1911 the mines and productive mineral research works numbered 420, and employed some 29,000 workers, 400 motors, and a total HP of about 14,000. In 1917 there were 860, with 56,700 workers, 1,040 motors and a total HP of 26,000.

The following figures confirm the notable development in the mining industry during the last twenty years.

YEAR	Lead, silver and zinc ores	Other metal ores
1900	175,366 Tons	498,920 Tons
1905	187,034 »	708,695 »
1910	183,179 »	906,872 »
1915	122,462 »	1,251,609 »
1917	119,329 »	1,617,648 »



The following figures serve to throw light on the development of particular mining industries in their relation to the exigencies of the war. Iron, for instance, the total output of which ten years ago was estimated at 10 million tons, has now risen to about 40 million owing to recent discoveries. Prospecting still continues and mines have been discovered in Erythraea. The following figures show the annual output between the years 1906 and 1917 inclusive.

1906	..	..	..	..	..	..	..	..	..	..	..	..	384,217	Tons
1910	..	..	..	..	..	..	..	..	..	..	..	..	551,259	»
1915	..	..	..	..	..	..	..	..	..	..	..	..	679,970	»
1917	..	..	..	..	..	..	..	..	..	..	..	..	993,825	»

The output of the bauxite mines was 5,690 tons in 1911, and about 8,000 tons in 1917; of the manganese mines, 3,000 tons in 1911 and 31,900 in 1918. The annual output of copper is 90,000 tons; of copper pyrites, 300,000 tons in 1913, and 500,000 in 1917; of lead about 45,000 tons, of zinc 160,000 tons and of mercury 1,000 tons. There is a considerable increase in the production of fuels. In 1918, 278,088 tons of peat were produced as against 23,710 in 1913. Lignite, anthracite and bituminous schist rose from some 500,000 tons in 1911 to 2,171,000 in 1918. The decline in coal imports during and since the war has induced an increase in the output and utilization of Italian fuels. There has been a marked increase during recent years in the production of those minerals for the extraction of refractory material, which advanced from 50,000 tons in 1910 to about 210,000 in 1917. Even before the war the output of the marble and granite





Increase in the production of metal  
ores in Italy

(In tons)



quarries was considerable, the amount for 1913 having been 800,000 tons.

☪ The development of the metal trade has kept pace with mines.

In past years Italy was known for the excellent cast iron produced in great charcoal furnaces, but in the course of the last century this branch of a root industry declined till it ceased altogether. In 1910 however, she possessed eight modern blast furnaces and the output of pig iron was steadily increasing. In 1901, 16,000 tons had been produced, in 1905, 140,000, in 1910, 350,000, in 1915, 380,000 and in 1918, 514,000. With the production of cast iron there increased also that of the ferrous alloys, and of iron and steel ingots, the total output rising from 300,000 tons in 1900 to 450,000 in 1905, and to over a million in 1910 and the following years.

A different order of figures also shows the progress attained by the iron industry. In 1915, 67 Martin Siemens furnaces were working in Italy, two Bessemer convertors, two Robert and about twenty electric furnaces. At the end of 1917 the number of electric furnaces had increased to 200, and the amount of steel produced electrically was about 57,000 tons.

With the iron industry properly so called there developed also the first works for the manufacture of wire, plates, rails and iron and steel pipes. A few figures only need be cited. In 1895 the number of rails manufactured was 17,653 tons, in 1915, 173,470; of iron and steel pipes 20,000 tons were produced in 1911, and 34,000 in 1915. There are to-day in Italy 108 works for

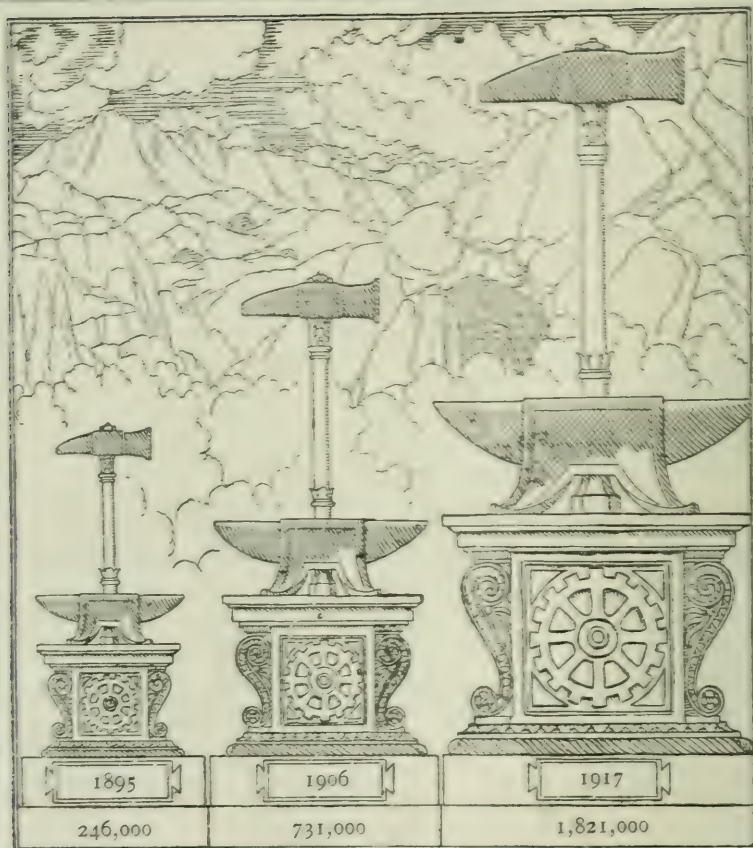




## Intensive development of the natural wealth of Italy

(Output of fossilized fuels. In tons)





## Metallurgical industries

(Production of the metallurgical workshops in tons)



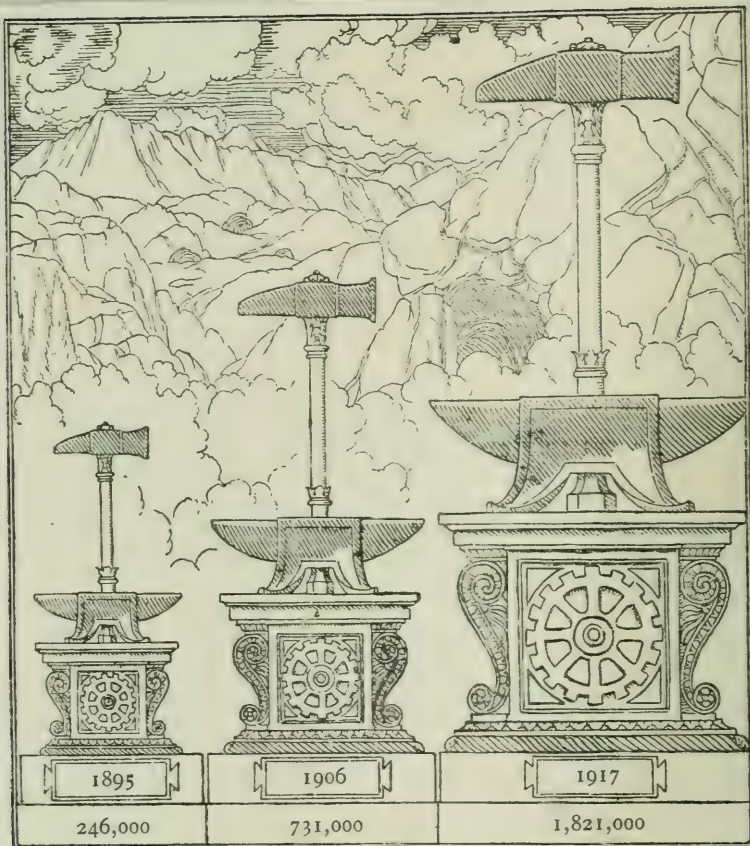
tomobiles, and autocars, including them among her exports. In 1910 2,100 automobiles were exported, in 1914 3,300, while during the first four months of 1920 the number rose to 2,960 forecasting a possible total of 9,000 in the course of the year. The statistics of the production of projectiles and aeroplane engines during the war, are evidence of the development of mechanical industries in Italy, and its facility of adaptation to every kind of work whether demanding ordinary mechanical skill or a high degree of precision.

YEAR	Projectiles of varying calibre	Aeroplane engines
1915 (8 months)	1,958,337	606
1916	20,967,964	2,248
1917	27,962,631	6,276
1918 (7 months)	10,923,792	14,820

A visit to the imposing new hydro-electrical central stations where everything from the tubes to the turbines, from the generators and electric transformers to the appliances and the switchboard and lines bears Italian names will emphasize the significance of the above figures.

Italian electrical industries came into existence with the hydro-electric power stations and developed in proportion to the ever increasing application of electricity. Besides electric machines and motors and the instruments and appliances connected with the electrical trade, there are manufactured in





## Metallurgical industries

(Production of the metallurgical workshops in tons)



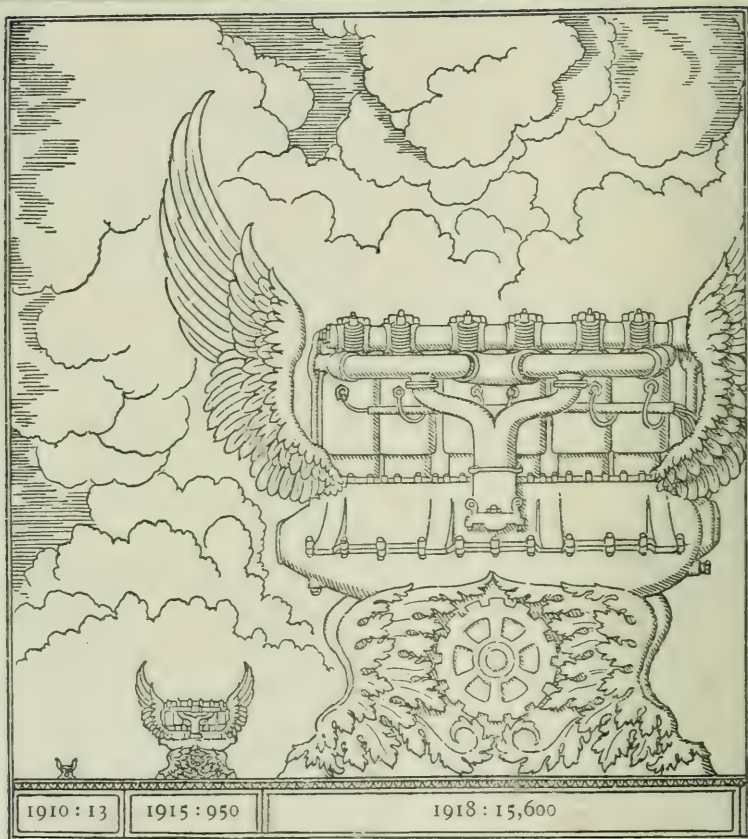
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The construction of aeroplane  
engines in Italy





## Aeroplane construction in Italy



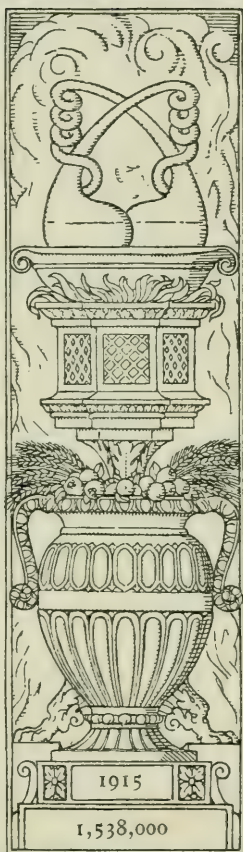
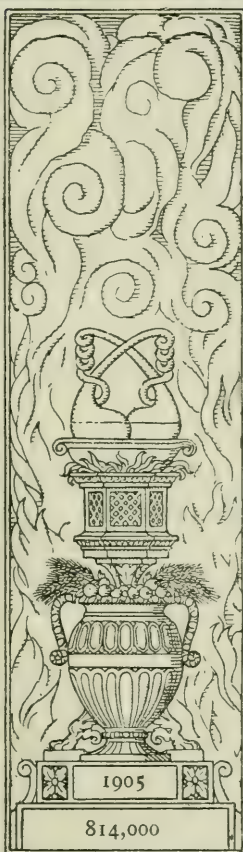
Italy all kinds of electric lamps (4,000,000 in 1912 and 6,000,000 in 1918), accumulators, telephone and telegraph instruments, electric searchlights, carbons for the electrical trade, magnetoes for combustion engines, internal and external electrical plant for the transmission of current, conductors, heating apparatus, etc. The manufacture of electric cables and insulating conductors stands in the front rank of international industries and is conducted on scientific principles. In 1890 it attained an export value of 376,000 lire, and 7,500,000 in 1914.

During recent years chemical industries have developed in proportion to the mechanical, and many of the materials used are drawn from the soil of Italy. According to the statistics of 1911, Italy then possessed over 5,000 chemical factories employing some 100,000 workers, and 2,000 motors with 85,000 HP. These last figures have almost doubled since the war and the number of factories has also increased, many of them covering extensive areas of ground.

The following table gives a general idea of the development of chemical industries:

	Annual production in tons			
	1895	1905	1913	1918
Sulphuric acid.. .. .	95,710	302,100	644,713	835,440
Nitric acid.. .. .	1,105	1,455	13,611	85,800
Hydro-chloric acid .. ..	5,750	11,170	18,966	21,600
Sulphate of copper .. ..	3,150	26,210	44,497	100,800
Sulphate of sodium.. ..	7,775	8,912	16,802	28,320
Superphosphate and other chemical manures .. ..	145,685	512,348	972,494	485,400





## Italian chemical industries

(Production of sulphuric acid and chemical manures.  
Given in tons)



The above table naturally does not include all the chemical substances produced in Italy, as for instance caustic soda, chloride of lime, sulphate of ammonia, salts of magnesia, aluminium and zinc compounds, glue, glycerine, wax, paraffin, alcohol, vinegar, varnish, etc.

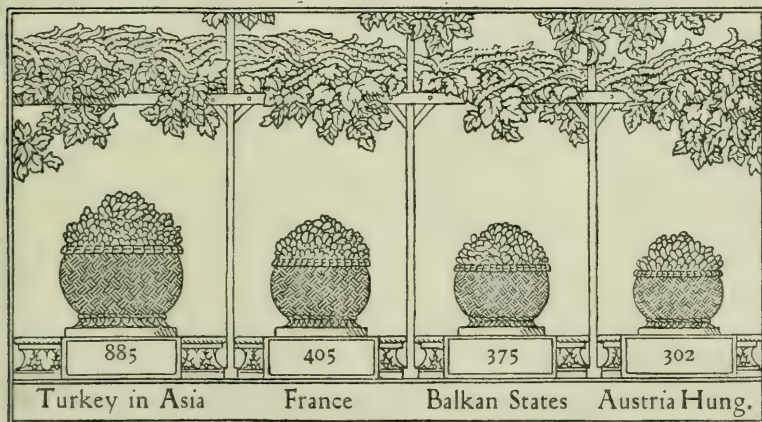
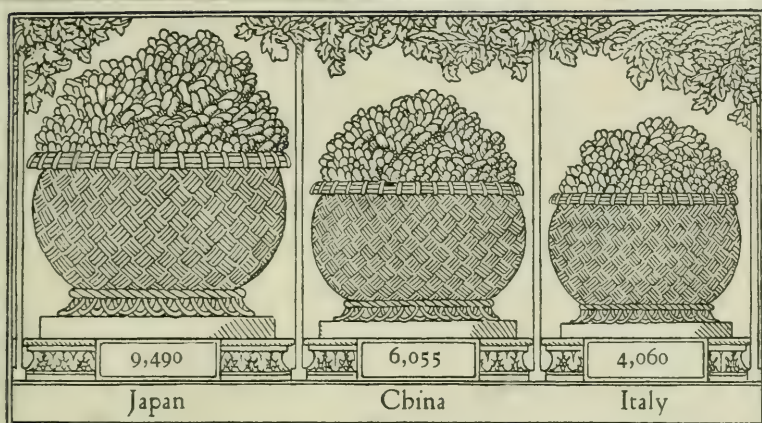
Soap manufacture has greatly increased; in 1894 there were 300 soap factories in Italy, in 1911, 800, in which year 150,000 tons of common soap and 3,900 of scented soap were produced. Italy also manufactures and exports various essences (lemon, orange, bergamot and mandarin) and a considerable quantity of tannic acid. From the smoke holes of Tuscany, 2,300 tons of boracic acid are extracted annually. These blow holes provide also an enormous motor power, and it would be possible to double the present figure of 10,000 HP.

Factories which were built during the war for the manufacture of explosives, etc., are now being transformed for the production of certain kinds of paints and medicinal preparations which were formerly imported.

The preparation of artificial silk ranks among chemical industries. In 1907, 6 tons were exported, in 1914, 215 and in 1919, 230.

☪ The silk industry is quite the most important branch of the textile trade, as regards output, and export and its position in the markets of the world. In 1911 there were about 2,000 factories in Italy employing 176,000 workers. The home production of cocoons amounts to between 40 and 50 million kilograms and the average yearly output of thread 5,500 tons. The spinning mills number 850, and the reeling trays 60,000;





## Italy's place in the world production of silk

(In tons, for 1914)

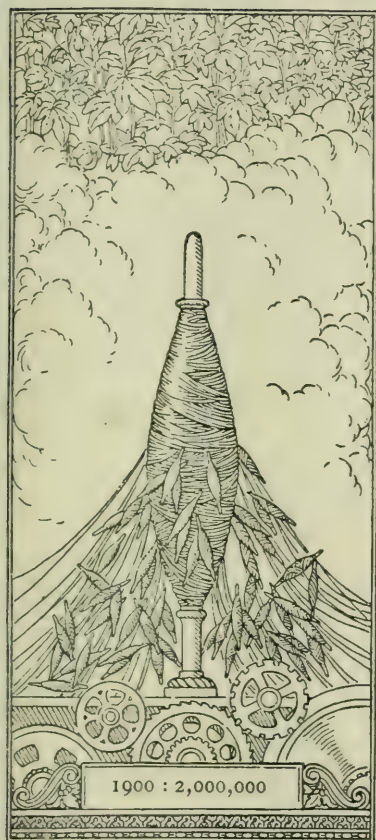


there are 1,082,600 spindles, 627,000 twisting spindles. 14,300 mechanical looms and 3,000 hand looms. The "cascami" department which deals with silk waste has developed in proportion. The cotton trade, which imports its raw material has made great progress; since 1898 no other industry has replaced so many steam motors by electric. The import of raw cotton amounted to 136,500 tons in 1900 and by 1915 had increased to 291,300 tons, and the number of spindles in 1914 was 4,650,000 as against 1,900,000 in 1898. In 1896 only 47,000 looms were working, while in 1912 there were 133,000. In 1917 there were 877 cotton firms in Italy representing 1,088 factories and 186 mills, 399 machine-driven weaving factories, 113 doubling twisting factories, 235 dye works, 61 mercerizing departments, and 27 factories for cotton goods, hosiery, etc. In 1900, 8,595 tons of thread were exported and 17,880 tons of woven material, while by 1915 the amounts were 28,361 and 55,516, respectively.

A notable development has taken place also in the flax and hemp industries the material for which is partly home grown, and in the jute trade for which it is imported. The hemp industry alone produces some 100,000 tons annually. In 1911 there were 768 mills, 349 weaving establishments besides 25 dyeing and bleaching works. A total of 18,000 workers were employed in these trades and in 1913 the number of spindles and looms at work were 165,000 and 12,500 respectively, as against 107,000 and 9,500 in 1903.

The wool trade is also making headway, there being in Italy to-day 500,000 carding and 400,000 combing frames and about 18,000 looms divided among 606 factories.





## The cotton industry in Italy

(Number of spindles in use)



☪ The paper trade has increased production but not to the same extent as other industries. In 1903, 171 continuous speed machines and 200 drum fitted machines were working and by 1910 the numbers had risen to 268 and 322. In 1913 there were about 440 factories at work, employing 26,000 workers and a motor power of 73,000 HP and between 1907 and 1912 the total output rose from 200,000 tons to 280,000. All classes of paper are manufactured, finer qualities as well as packing and cartridge papers, and the export trade is considerable. The production of wood pulp has greatly increased, so that fibre works, which in 1903 numbered 87, counted 105 in 1913 with an output of 60,000 divided among 27 paper mills. The importation of cellulose gave a great impetus to the Italian paper trade; 18,600 tons of this commodity were imported in 1900 and 86,000 in 1913.

☪ In 1912 there were 814 cement furnaces in use, employing 8,000 workers and a motor power of 18,000 HP. The output rose from about 300,000 tons in 1905 to 850,000 in 1910, and by 1912 to over a million.

Brick kilns numbered 5,600 in 1912 and 62,000 workers were employed in the trade. The output which was 5,000,000 tons in 1902 had increased to 7,000,000 by 1912.

The value of ceramics rose from 25 millions in 1907 to 27 millions in 1912 in which year glass manufacture attained a value of 32,000,000.

These statistics afford eloquent proof of the progress attained by the industries under discussion in the year before the war, but they say nothing of the impetus given by the war to the



trade in refractory materials, which are now all produced in Italy. They give no indication either of the efforts and research that have led to such successful results in the manufacture of special glasses for optical instruments and appliances.

¶ In addition to the agrarian industries dealt with in the chapter on agriculture, mention should be made of the flour mills, which in 1911 numbered 13,500. There were besides in the same year 2,700 factories for the preparation of macaroni, vermicelli, etc., of which 15,700 tons were exported in 1901, and 71,000 in 1913.

The amount of beer produced by 90 breweries was 567,000 hectolitres in 1910 and 721,000 in 1912.

¶ In 1910 about 118,000 men and 27,000 boats were occupied in the fishing trade. The annual return was over 28 million lire, of which 4 was contributed by the tunny fisheries alone. Coral is obtained in the Sciacca reef off Sicily and the return in 1906 was 136,000 kilogrammes of coral and 1,400,000 lire. The Lampedusa sponge fishery is of considerable importance and in 1913 brought in 1,400,000 lire.

The recent formation of syndicates and co-operative societies for the improvement of the conditions of the fishing trade, and the providing of facilities for collective purchase and sale, is certain to have a good effect on this branch of production which is capable of becoming very remunerative, the coast of Italy being so extensive and her surrounding seas so rich.



¶ The following industries should be mentioned among the most flourishing in the country: matches, of which 72 milliard were manufactured in 1914; buttons, for which there are twenty factories employing 5,000 workers and which bring in 15,000,000 lire, ninety per cent being exported; leather and skins represented by over a thousand tanneries, 200 factories for gloves (about 4,000,000 pairs being exported annually) boots and shoes, and furniture.

The rubber trade deserves special mention as it is one of the oldest industries of the country. All the necessary raw material is imported and there is an extensive export trade in the manufactured article which owes its superiority to its scientific treatment. In 1900, 684 tons of raw rubber were imported, which by 1915 had increased to 5,367 tons and the value of the exported goods rose from 3,682,000 lire in 1900 to 38,000,000 in 1915.

¶ By tracing the curves of production of the industries of Italy during a number of years, the number of trades, and the motor power employed, it will be observed that as they approach 1915 their points diverge further from the base. This is the most convincing argument that Italian industry is on the upward grade, and that in spite of temporary depression and inevitable pauses, its progress is bound to continue. The alliance of science and industry and the growth of scientific laboratories will complete the work begun by the great pioneers of Italian industry.



THE MINOR ARTS AND  
THEIR ECONOMIC  
IMPORTANCE











THE artistic tradition in Italy has for centuries induced the growth of many small industries whose valuable products are renowned throughout the world. Among these are articles sculptured in marble and alabaster, majolica and porcelain ware, glass, mosaics, embroideries, lace, furniture and decorative goods, wrought iron, jewellery etc. These lesser arts persist in every corner of the country through the ability of innumerable artists who, though unknown to fame, have imbued their work with the true spirit of Italian art.

The transformation that has taken place during the last twenty or thirty years in every sphere of economic activity, with the extension of productive enterprises, has not been without its influence on the organization of artistic industries. Large modern works have been erected for working in marble, for ceramics, and artistic glass ware. The smaller industries, such as lace-making, on the other hand are limited in their exten-



sion by the nature of their work and have been amplified by special institutions for the purchase of material, the sale of their goods and instruction in the different branches of the work. By these means, and by virtue of their rare artistic merit, Italian works of art continue to assert their supremacy in foreign markets in the face of commercial competition. By their popularity they have not only conferred artistic renown on Italy, but proved themselves a valuable economic asset, the importance of which cannot be gauged only by the movements of commerce. The hundreds of thousands of tourists who flock every year to Italy carry home with them many specimens of Italian art as souvenirs of their visit, a species of invisible export trade that it is almost impossible to represent in figures. Its importance can only be inferred from the number of tourists who annually arrive in the country; in 1910 it was 900,000.

☛ The production of marble in its original and unworked state, of which Italy possesses practically the world monopoly, has contributed largely to the development of the industry for the making artistic and decorative goods in marble. Allied to it are the alabaster works at Volterra. Alabaster being an essentially decorative stone and softer than marble, readily lends itself to the fashioning of works of art. The alabaster workers at Volterra have handed on from father to son, the secrets of their art, specimens of which are to be found all over the world. A school of industrial art was founded at Volterra in 1899 for the diffusion and perfecting of the applied



arts, and this continues to exert an influence on artistic industrial production. The following is a statement of the development of these special industries:

### THE MARBLE AND ALABASTER INDUSTRIES

YEAR	Output of rough and hewn marble	EXPORT	
		Marble in unworked blocks and slabs	Artistic goods (statues, vases, ambrogette, etc.)
1900	232,100 tons	9,996,500 Lire	7,457,800 Lire
1905	392,400 "	15,627,200 "	8,563,800 "
1913	513,259 "	28,114,600 "	9,560,600 "
1919	Not yet published	22,874,200 "	19,617,100 "

The widespread nature of the export trade in artistic marble and alabaster goods is worthy of note. In 1913 goods were exported to 57 different countries in all quarters of the globe.

☛ The ceramic industry still keeps alive the glorious traditions of the Renaissance. The Neapolitan potteries of Capodimonte, the Florentine works at Doccia and other well-known factories, especially in Central Italy are not only successful in their reproductions of the famous antique majolica ware of Faenza, Pesaro and Urbino, but produce also new types and patterns that are brilliant examples of modern Italian art. The considerable export trade in this branch of goods, denoted by the following table, shows the importance of the industry and its fame abroad.



## EXPORTATION OF MAJOLICA AND EARTHENWARE

Majolica and earthenware in ambrogette and variously coloured									
Year	1896	..	..	..	..	..	..	1,635,950	Lire
»	1900	..	..	..	..	..	..	1,387,800	»
»	1907	..	..	..	..	..	..	1,737,365	»
»	1919	..	..	..	..	..	..	2,193,540	»

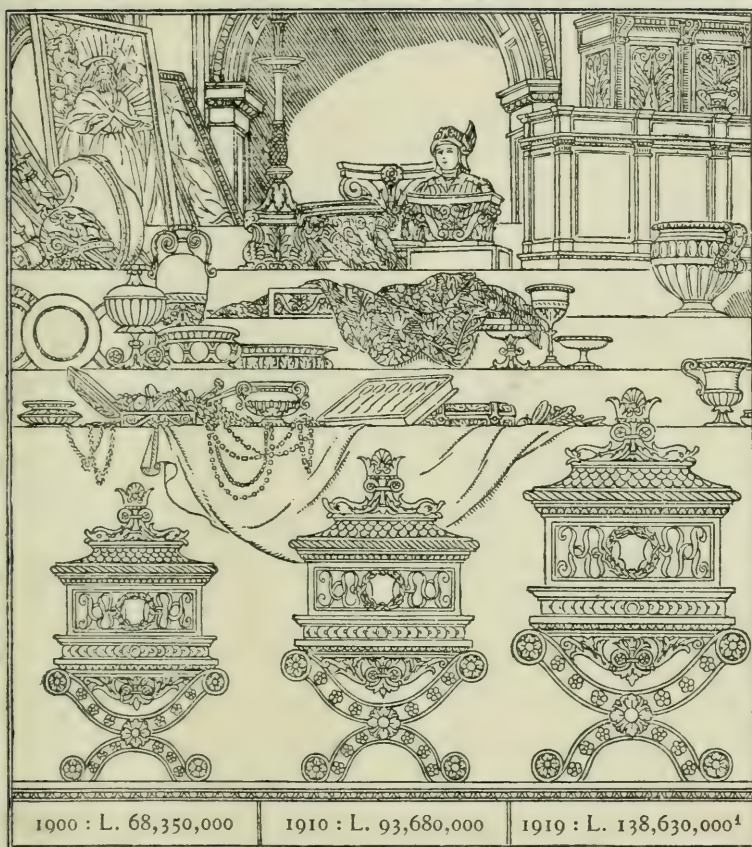
☪ A tradition centuries old, a lively artistic sense, technical skill and industrial organization have all contributed to raise the Italian glass industry to a special degree of excellence which has brought it a world-wide fame.

Glass and enamel ware, the much prized "Venetian pearls", spun glass, artistically modelled, ornamented vases, those beautiful iridescent vases of the most delicate transparency, richly decorated lamps, ornamental mirrors, many-coloured mosaics that may worthily compete with the antique, are all products of Italian industry that have rarely been equalled. Many thousands of workers are engaged in this branch of production and the factories extend along the shores of the lagoons of Venice. The export of glass ware to all parts of the world showed an appreciable increase in the first year after the conclusion of peace.

### EXPORT OF MIRRORS AND GLASS WARE

YEAR	Mirrors and glass ornaments (blown glass, coloured and painted)	Glass and crystal ware and enamelled glass articles
1905	413,500 Lire	3,820,800 Lire
1912	678,500 »	5,174,800 »
1919	4,802,800 »	13,608,700 »





## The export of artistic goods

Pottery, artistic glass, marble ornaments, furniture and works  
of art, lace, jewellery, cinematograph films, etc.

<sup>1</sup> On the basis of the prices of 1918



☪ Lace and embroidery making are the most wide spread of Italian arts. Every district has own traditions which are jealously maintained and the result is a rich and varied national product which is always graceful, simple and pleasing.

Among the various styles mention should be made of the 15<sup>th</sup> century "bandere" of Piedmont, Venetian lace with its centuries of fame, the laces of "Aemilia Ars" so sought after for their purity and gracefulness of design, Umbrian work which breathes the spirit of Giotto, Roman lace, especially the gold and silver thread varieties, Abruzzi lace which may be said to rival the Venetian, the curious Neapolitan varieties with their rich and varied colouring and the well-known and characteristic Sicilian filet laces modelled on 15<sup>th</sup> century patterns. All these with their distinctive characteristics are different expressions of the same national art.

Within the last twenty years these varied and spontaneous branches of production have been co-ordinated and encouraged. Societies have been formed for the sale of Italian laces abroad. Private and public enterprise has led to the foundation of excellent schools and workshops where instruction is given and the work distributed among the thousands of women and girls employed in the lace trade. Jesurum of Venice alone, employs over 5,000 workers.

☪ Italian art has also found worthy means of expression in the manufacture of furniture. Carved and inlaid furniture made on the traditional lines of Italian art of the Renaissance has a deservedly high reputation abroad. In the production



of artistic modern furniture, Italy is also well to the fore, and has successfully defied foreign competition. The following figures give an idea of the commercial value of this industry.

#### EXPORTATION OF FURNITURE AND FRAMES

YEAR	Carved and inlaid furniture	Wooden frames
1900	4,365,000 Lire	173,600 Lire
1905	4,565,000 »	302,600 »
1912	6,925,700 »	505,600 »
1919	5,799,600 »	3,501,200 »

☛ The beautiful scenery of Italy has greatly stimulated the development of cinematography which is further favoured by the ability of the Italian actor. This industry has a working capital of 300,000,000 lire, and gives regular employment to more than 11,000 persons to say nothing of the number of occasional workers. In 1919 about 25,000,000 exposed films were exported.

☛ Art has contributed to industrial development in other ways as well. Wrought iron work, articles carved in coral, ivory and mother of pearl, jewellery, silver work and artistic bric-à-brac are included among Italian artistic industries. Individual production in modern and so called "antique" works of art has contributed largely to the value of the export trade.



## EXPORT OF SO-CALLED "ANTIQUE" AND MODERN WORKS OF ART

1900	..	..	..	..	..	..	..	..	..	..	..	9,023,000	Lire
1906	..	..	..	..	..	..	..	..	..	..	..	9,251,100	»
1912	..	..	..	..	..	..	..	..	..	..	..	13,586,200	»
1919	..	..	..	..	..	..	..	..	..	..	..	6,309,500	»

The above facts all go to show how Italy has learnt how to reinforce and organize the artistic qualities of her people and by directing these to conform with modern standards of production has transformed the genial and art-loving character of the nation into an active force for the general economic good.



DIFFUSION AND GROWTH  
OF ECONOMIC  
ENTERPRISE











THE largest industrial and commercial concerns in Italy are under the management of joint-stock companies. The development of these companies, therefore, may be said to reflect and summarize the evolution of Italian economic life in general, to demonstrate its steady and remarkable progress and the principal and most characteristic manifestations of productive activity.

☪ The details published by the Ministry of Industry and Commerce in 1887 showed that there were then 407 companies with a capital of 1,228,600,000 lire and ten years later the numbers had increased to 514 with a capital of 1,373,700,000 lire. This is a very modest increase and in agreement with the slow progress made by Italian economics during that decade, for which, however, the details are incomplete.

The following years showed a considerable increase in the number of joint-stock companies and the capital invested in them. This may have been due to the transformation of pri-



vate societies into joint-stock companies or to the progress of Italian economy in production, commerce and credit. According to the statistics of the Ministry of Industry and Commerce there were in Italy at the end of 1916, 3,121 companies with a capital of 5,831,400,000 lire.

These companies developed rapidly during the war with the creation of new and gigantic industrial undertakings and by December 31<sup>st</sup> 1918 there were in existence 3,748 companies with a capital of 10,071,400,000 lire. This expansion continued after the war, and at the end of 1919 the number of companies amounted to 4,422 with a total capital of 13 milliards.

In order to appreciate properly the importance of these companies by reference to their shares, it is necessary also to take account of the bonds they have issued. In 1919 these amounted to 2,440,000,000 lire.

☪ Since 1898 there exist full details of the movement of new investments and realisations. The following is a list of the nett investments between 1898 and 1919.

1898 .. ..	151.7 million lire	1909 .. ..	134.8 million lire
1899 .. ..	228.5 » »	1910 .. ..	152.9 » »
1900 .. ..	186.0 » »	1911 .. ..	154.7 » »
1901 .. ..	79.8 » »	1912 .. ..	150.1 » »
1902 .. ..	14.4 » »	1913 .. ..	131.9 » »
1903 .. ..	157.6 » »	1914 .. ..	127.4 » »
1904 .. ..	236.6 » »	1915 .. ..	79.3 » »
1905 .. ..	713.8 » »	1916 .. ..	235.7 » »
1906 .. ..	689.7 » »	1917 .. ..	1,288.5 » »
1907 .. ..	523.0 » »	1918 .. ..	2,949.6 » »
1908 .. ..	226.3 » »	1919 .. ..	2,778.7 » »





## Joint-stock companies in Italy

(Subscribed capital in million lire)



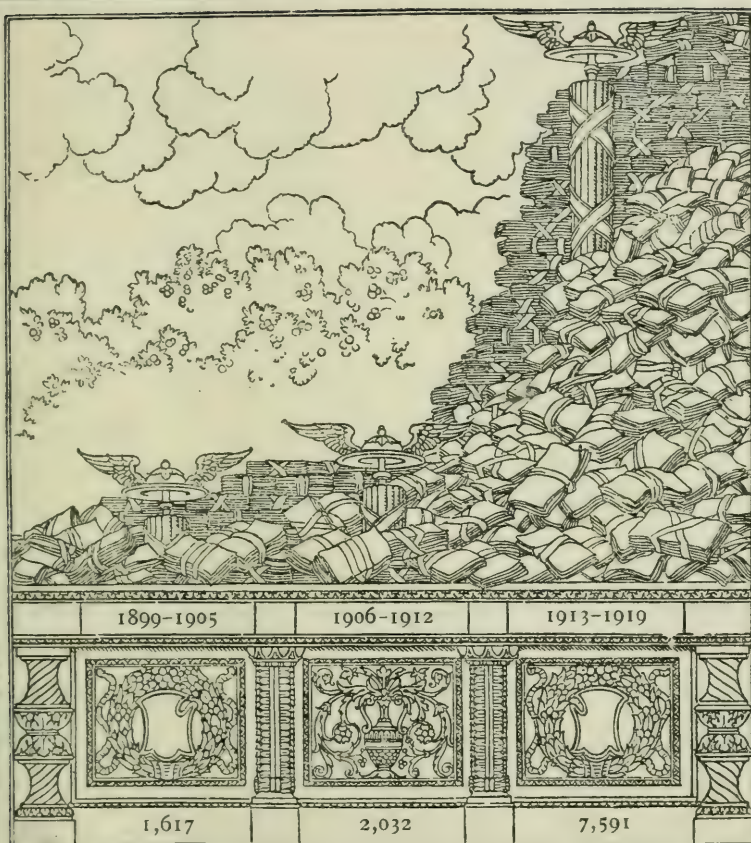
The above figures are significant of Italian economic conditions during several years. The crisis of 1900 was reflected in the rapid diminution in investments which reached their lowest point in 1902. The succeeding period of recovery showed a conspicuous increase that culminated with the years 1905-1907. This was followed in its turn by a new phase of depression that lasted several years.

Ⓒ Particular interest attaches to the years of the world war. The general paralysis occasioned by the outbreak of hostilities in the second half of 1914, though Italy had not then entered the conflict, reduced the total number of investments to less than that of the realisations by about 3,000,000. Signs of recovery, however, were apparent during the early months of 1915. The second half of 1916 and the following years witnessed a vigorous expansion of all the economic forces of the country, propelled towards victory by a feverish outburst of productive activity. The extension of existing plants, the erection of new and vast factories, the introduction of new methods and the transformation of technical systems demanded a great influx of fresh capital. In 1918 the nett investments attained the conspicuous total of 2,949.6 million lire, affording yet another proof of the enormous economic and financial efforts of Italy during the war. Between January 1915 and December 1919 nett investments amounted to over 7,000,000,000 lire.

Ⓒ These seven milliards of new capital were distributed as follows:

: 100 :





## Investments of capital in joint-stock companies

(Total values for seven year periods, in million lire)



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Mechanical and metallurgical industries ..	1,845.1	million lire		
Communication and traffic .. .. .	1,051.6	»	»	
Electrical industries .. .. .	816.9	»	»	
Credit establishments .. .. .	734.4	»	»	
Chemical and organic industries .. .. .	497.9	»	»	
Mining industries .. .. .	356.8	»	»	
Alimentary industries .. .. .	337.1	»	»	
Textile industries .. .. .	285.6	»	»	
Commercial undertakings .. .. .	259.7	»	»	
Real estate .. .. .	229.8	»	»	
Agriculture and the wine trade .. .. .	227.4	»	»	
Insurance companies .. .. .	218.5	»	»	
Ceramics and glass ware .. .. .	64.4	»	»	
Printing and publishing trade .. .. .	46.8	»	»	
Building and decorating trade .. .. .	44.4	»	»	
Hygiene and sanitary enterprises .. .. .	7.2	»	»	
Various societies .. .. .	308.3	»	»	
<hr/>				
Total .. .. .	7,331.9	»	»	

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Industry absorbed the greater part of the new investments. The war gave a powerful impetus to the iron, mechanical, electrical, chemical, mining and other industries, while several new industries came into existence in response to the demand for goods which had previously been imported. In the chemical, mechanical and iron trades successful experiments have been carried out for the production of articles hitherto unknown among home manufactures. The efforts of the mining industry have been directed towards an increased output of national fuels. An important step has been taken towards the utilization of one of Italy's most important sources of wealth



by the construction of new hydro-electrical stations under the auspices of favourable legislation. The transport trade, both of land and sea has been reinforced, and credit institutions have considerably increased their capital. The increase of the capital to be invested in agricultural industries and communication and traffic departments is also a matter of congratulation.

¶ The following is a statement of the position of Italian joint stock companies at the end of 1919.

	No. of Companies	Capital (thousands lire)
Mechanical and metallurgical industries ..	455	2,423,130
Communication and traffic .. .. .	382	2,169,956
Credit establishments .. .. .	249	1,534,988
Electrical industries .. .. .	366	1,418,244
Chemical and organic industries .. ..	443	924,536
Textile industries .. .. .	256	763,830
Alimentary industries .. .. .	323	705,430
Mining industries .. .. .	139	502,194
Real estate .. .. .	224	445,840
Commercial undertakings .. .. .	344	435,043
Insurance Companies .. .. .	99	343,477
Agriculture and the wine trade .. ..	187	312,812
Ceramics and glass ware .. .. .	188	199,932
Building and decoration .. .. .	85	114,844
Printing and publishing trade .. ..	153	78,903
Hygiene and sanitary enterprises .. ..	73	45,705
Various societies .. .. .	456	431,279
Total .. .. .	4,422	12,850,143



The above statement shows that the economic organism of the country has been greatly strengthened during recent years and that its industries have become more varied. The economic cycle of production which showed many lacunae in its early stages may now be said to be complete.

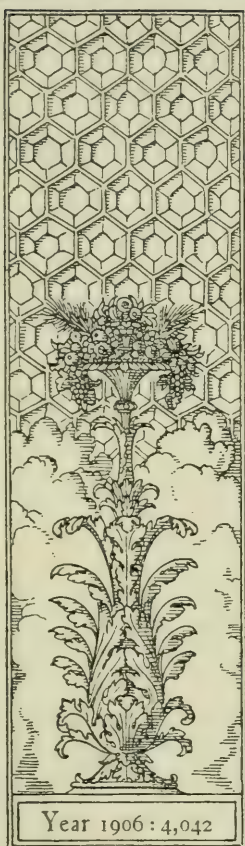
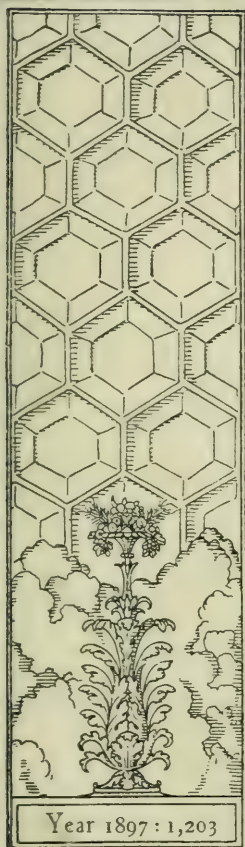
☪ Next to the diffusion of joint-stock companies the co-operative movement has assumed special importance in Italy, and presents original and characteristic features.

Overlooking for the present co-operative societies for consumption and credit which will be dealt with in the chapter on banking, we shall pass on to societies for production, whether agricultural or industrial.

☪ In the sphere of agriculture there exists a great variety of societies for production and sale, the most important being the co-operative dairies, which are chiefly to be found in upper Italy; co-operative cellars and distilleries, olive oil factories and co-operative tobacco growers, etc. The application of the theory of co-operation to agricultural matters has been productive of as important results as any technical invention. At the end of 1917 the number of co-operative societies for agrarian production and the wine trade (credit societies not included) was 1,386 distributed as follows: Agrarian industries and special culture, 1,068; dairies and cheese factories, 172; vines and wine production, 131; silkworm and bee culture, 15.

☪ The development of the co-operative movement in the





## Co-operation in Italy

(Number of co-operative societies, banks not included)



sphere of industry and traffic is also worthy of mention. By December 31<sup>st</sup> 1917 there existed 2,257 co-operative societies for work, 1,000 for industrial production of different kinds, 709 building societies, 177 for alimentary industries and 136 co-operative fisheries.



THE RAILWAY SYSTEM  
AND ITS EXTENSION











AS soon as the union of the nation had been consolidated the government of Italy applied itself seriously to the extension of the communications and devoted a large proportion of the fiscal resources of the country to that purpose. Even in times of financial stress considerable sums were set aside for the construction of new railways. Many of these were built at the direct expense of the State, the government being of the opinion that they constituted the most important and remunerative public works and in other cases subsidies were granted to private companies for the construction and administration of new lines. This policy was originally inaugurated by the Conte di Cavour, himself a military engineer and a promoter of road-making, who had always agitated for the development of the railway system ever since the days when as governor of Piedmont he pledged the modest finances of that little State to the construction of the Mont Cenis tunnel. Considered in relation to the date of its execution (1850-1870) this



triumph of engineering deserves to be numbered among the greatest of modern times.

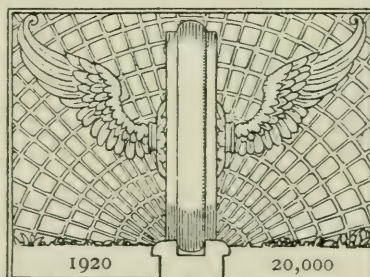
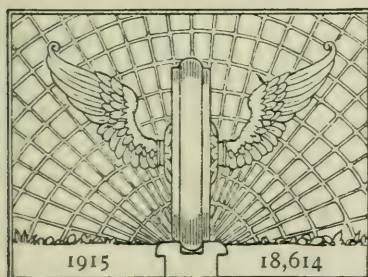
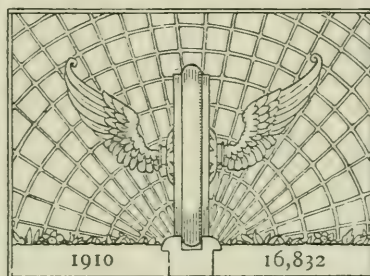
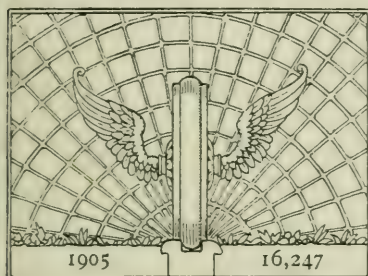
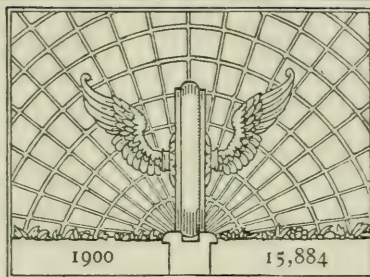
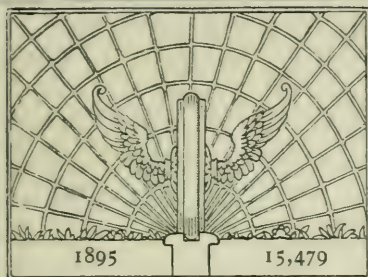
The technical and financial resources of the country contributed also towards the other alpine tunnels connecting Italy with her neighbours. Half the enormous expense of the St. Gothard were borne by Italy and the Simplon was to a great extent a national undertaking. Before the war plans and contracts were under consideration for piercing the Splügen.

☪ With the exception of some initial assistance from foreign engineers, chiefly on the mechanical side, the Italian railway works have always been planned and directed by Italians as they understood best how to overcome the enormous difficulties presented by the hardness of the ground. It is well-known moreover that Italian engineers excel in the art of construction, and that other countries besides their own are greatly indebted to their knowledge and enterprise.

Italy, however, not only supplied the technical skill but also the financial means and talent for organization. The largest Railway Companies were founded by Italian capital and Italian financiers, while foreign investors gave the preference to secondary lines and tramways.

☪ The most important railway system in Italy is the Southern Railway Co. founded in 1862 with a capital of 100,000,000 lire, (increased afterwards to 260,000,000) by the Florentine banker Pietro Bastogi, already famous for his successful efforts in restoring the State finances. This Company built several of the





## The development of the railway system in Italy

(In kilometers)

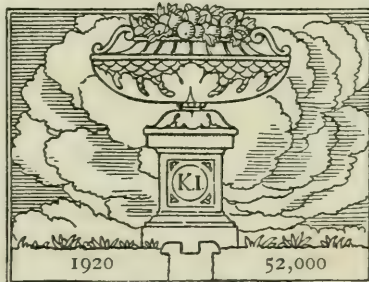
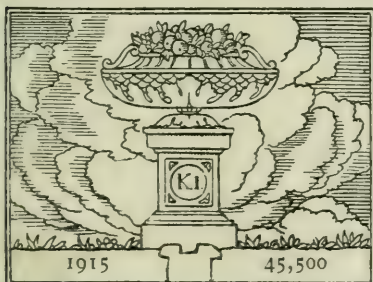
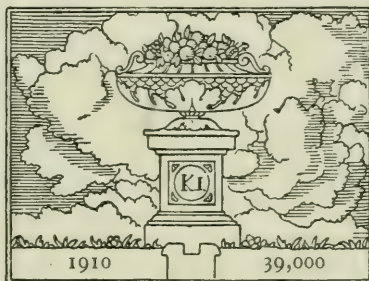
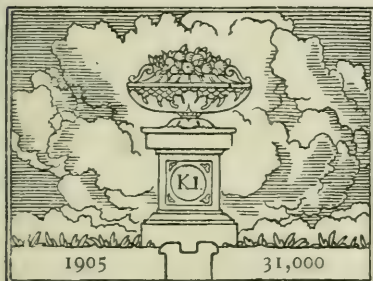
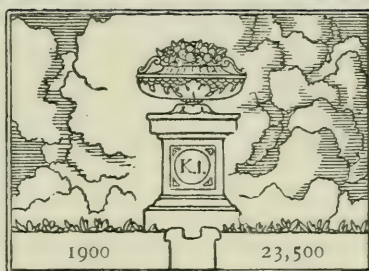
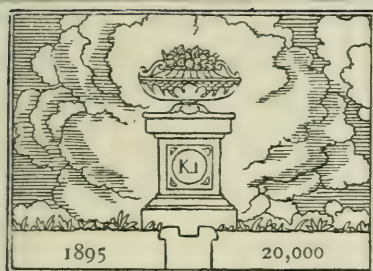


most difficult lines in Southern Italy where, under the bad government of the Bourbons, the country had not yet been opened up. In 1885 when the railways were reorganized this company assumed the direction of the Adriatic railways, that is, of all the lines between the Apennines and the Adriatic. After the nationalisation of the railways in 1905, the Southern Railway Co. devoted its energies to other spheres of industry, and chiefly to hydro-electrical works, but the names of the bold administrators and engineers educated under its auspices will live in the history of Italian civil progress and economy.

The Mediterranean Railway Co. founded in 1885 with a capital of 180,000,000 owes its existence to a group of Italian bankers. Under the general reorganization it included the lines between the Apennines and the Tyrrhenian Sea. After the adoption of nationalisation this company undertook the construction of narrow gauge lines in Basilicata and Calabria. Another group of Italian engineers and financiers founded the Sicilian Railway Co. in 1885 with a capital of 20 million lire. Until 1905 the railways of the largest of the islands of Italy were controlled by this company.

☪ Reference to the statistics of 1895 shows that in that year there were 15,112 kilometres of lines in Italy yielding a total return of 248 million lire; of this 12,361 kilometres and 233 million lire belonged to the three great companies mentioned above, and the rest to local railways of little importance. Ten years later, that is to say in 1905, the total extent of the





## Italian railway returns

(Returns per kilometer in lire)



railways amounted to 16,267 kilometres of which 13,212 constituted the State railways formed by the union of the three companies founded in 1885, showing an increase of about 1,000 kilometres in the twenty years. 3,055 kilometres still remained in the hands of companies of medium and small importance. The receipts were nearly doubled, those of the State railways being calculated at 422,000,000 and of private companies at 25,000,000.

The addition of the Trentino and Istrian railways brings the State lines up to about 15,000 kilometres which will become 16,000 when the new lines, at present under construction, are opened. More than 4,000 kilometres at the present day belong to private companies many of which are of considerable importance, such as the Venetian Railway Co. with a capital of 24,000,000 and an extent of 772 kilometres; the North Milan Co. capital 23,000,000 and 259 kilometres; the National Railway and Tramway Co. capital 8,000,000 and 150 kilometres, etc. The receipts of the State railway now amount to a milliard lire, and of the smaller lines to 100,000,000.

Inter-communal tramways or street railways lines constitute a separate system. Italy is among the richest of European countries in the possession of these subsidiary lines counting about 4,000 kilometres in addition to 1,000 kilometres of urban tramways. Of the total 5,000 kilometres about 1,500 belong to electric tramways.

☪ The Italian railway system presents peculiar characteristics, different to those of most other European countries. Mount



ain railways are in the majority, which besides demanding great initial expense, are also very costly in up-keep on account of the predominance of very steep gradients. On the other hand traffic is comparatively limited as there is little necessity for an interchange of products where there is so little variety in climate. The coasting trade is also a formidable rival.

In many districts of course traffic is very heavy, and especially in the Po valley where productive activity - both agricultural and industrial - is greatest. Milan is one of the industrial capitals of Europe, Genoa the greatest port of the Mediterranean, Turin with its surrounding districts the seat of ancient industries, while the Veneto, Friuli and the liberated provinces constitute an exceptionally rich mart of exchange. The network of communication is denser here and compares favourably with Belgium and other parts of Europe.

¶ During the last twenty-five years Italian railways have been raised to a high degree of excellence and rank among those of the most progressive European countries. Even before the days of nationalization large locomotives and corridor carriages had been brought into use, the Westinghouse continuous brake and modern methods of signalling introduced, express train services were instituted and the goods traffic organized. Italian railways were admitted to the system for interchange of carriages with other European countries and to the Berne Convention for international transport.

The railways were placed under State control on July 1<sup>st</sup>, 1905

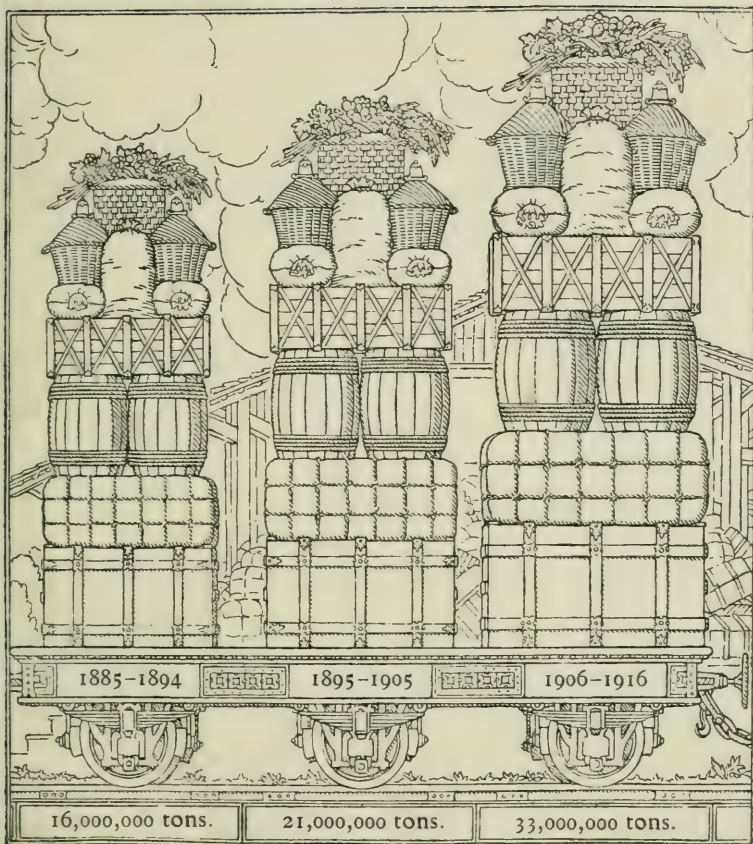


and the same standard of excellence maintained and even surpassed under the direction of Senator Riccardo Bianchi, a railway engineer with a European reputation. The newest and best types of locomotives were introduced (compound engines and with superheated steam) capable of the highest speed, the number of trains increased and connections between different lines assured. The journey between Rome and Milan (650 kilometres) was reduced to 11 hours, that from Milan to Syracuse (1,100 kilometres) including the passage by ferry boat across the Messina Straits, to 36 hours. The more important lines were provided with the block system, and the large stations organized and enlarged. The new stations of Milan and Naples, at present in course of construction, when completed, will rival the largest in Europe both as regards size and perfection of equipment.

New lines have been projected for the extension of the present system and the shortening of existing communication. Some of these are already under construction. The most noteworthy of the shortened routes are: Rome to Naples (approaching completion); the line across the Tuscan Apennines connecting Florence and Bologna; the Milan-Genoa line, which is of special interest for Italy's greatest port and involves the construction of a tunnel 18 kilometres in length. An extensive programme has also been drawn up for the improvement of communication with the liberated provinces and to connect the port of Trieste with the Alpine railways.

☛ The most interesting innovation in the railway system of





## Italian railway traffic

(Annual transport of goods by rail)



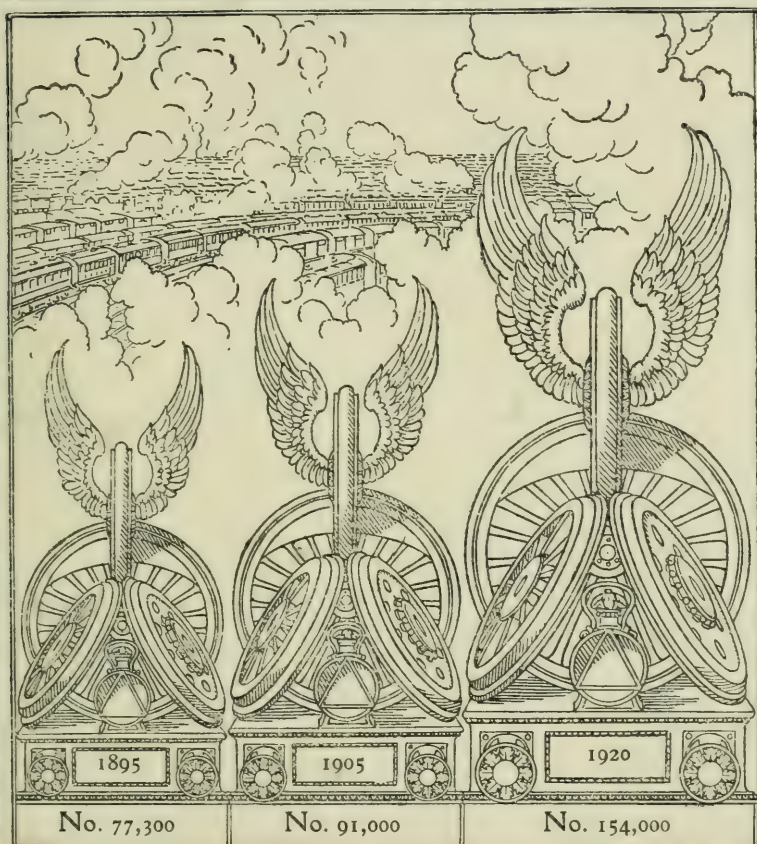
Italy is the introduction of electric propulsion, which dates from 1900, and has made rapid progress ever since, though temporarily interrupted by the war. The widespread application of electricity is a matter of vital importance to Italy, but its chief merit consists in ensuring the efficiency of the public services by the application of national energy. At the present day electric propulsion has been applied to about 400 kilometers of railways with great success.

Plans are in course of preparation for the extension of this method of traction to another 6,000 kilometres, that is to say to about one third of the entire system. In view of the ever increasing difficulty of obtaining sufficient coal from abroad for industrial purposes, and the sudden and enormous rise in the price of fuels, the realization of this scheme should prove of inestimable value to Italy.

☪ In conclusion mention must be made of the flourishing national industry for the construction of rolling stock. During the war it happened that for even a comparatively limited amount of railway material Italy was obliged to apply to America, but pre-war conditions now prevail and all material is manufactured in the country. Some national works have also, on several occasions, exported engines and carriages.

☪ The capital invested in Italian railway plant (not including the railways of the liberated provinces) amounts to 7 milliards. The State Railways possess 5,500 locomotives, 200 of which are electric, 11,000 carriages, 110,000 trucks and employs 192,000





## Increase in number of rolling stock on Italian railways

(Total number of locomotives, carriages and trucks)



workers. A hundred million passengers are transported annually (allowing an average journey of 50 kilometres to each) and 50,000,000 tons of goods. The consumption of coal amounts to 2,000,000 tons.



THE MERCANTILE MARINE AND  
NAVAL CONSTRUCTION









EOGRAPHICAL position, the great extent of coast line and the tradition of the coast population, all combine to render Italy essentially a sea-faring nation. The glorious deeds of the merchant fleets of the mediaeval republics are matters of history,

but even in recent times, some ten years before the unification of the Kingdom, the mercantile marine of the Italian States held an assured position. After 1860 their importance developed with the increase in the number of shipyards, which in some years attained an output of 100,000 tons, and the growth of the fleet of sailing vessel, which increased from 643,946 tons in 1862 to 987,190 tons nett in 1875.

In the meantime, however, a complete revolution had taken place in the shipping world. Wooden ships had given way to iron, which in their turn were superseded by steel. The development of naval construction had led to the production



of far larger vessels and steam power was becoming more universal. Italy was not in a position to keep abreast of all these innovations and the mercantile marine declined in consequence. The total tonnage, including both steam and sailing ships, was 1,044,337 in 1875; by 1885 it had fallen to 953,419 tons and by 1895 to 776,077.

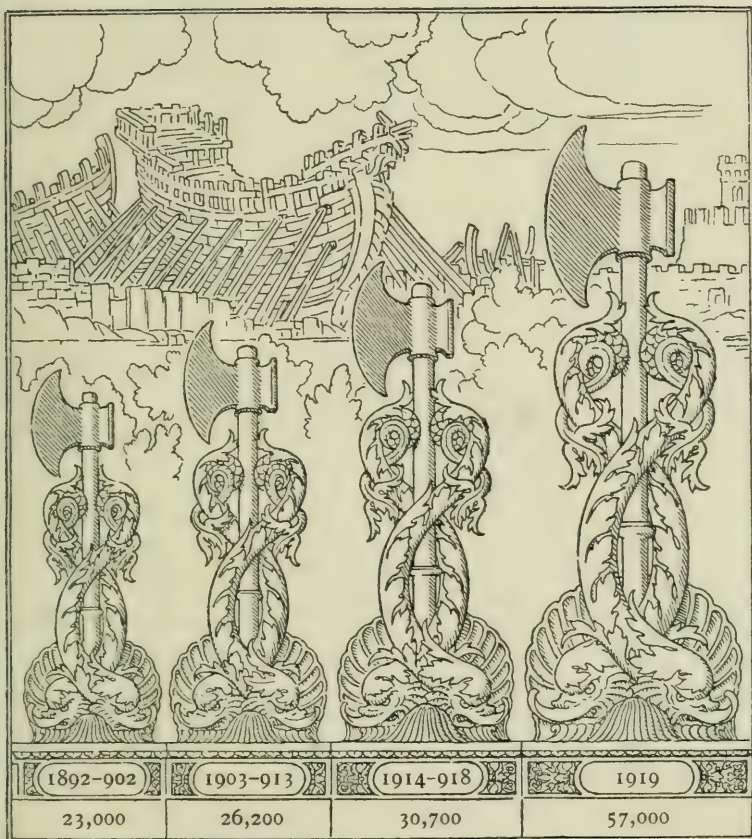
After 1895 the economic conditions of the country improved as was clearly shown by the development of the national resources and the revenue resulting therefrom, the growth of international trade and the expansion of industrial and agricultural production. All this had naturally a beneficial effect on the mercantile marine, naval construction increased, the merchant fleet developed and there was more movement and activity in the national ports.

❧ In spite of incessant and often serious fluctuations due to variations in freights and the uncertainty and irregularity of the State subsidies, naval construction attained a comparatively important figure in a few years.

The growth of the Italian mercantile fleet, however, was due not so much to increased construction, as to the purchase of steamers from foreign countries, by ship-owners who were determined to increase the predominance of steam over sailing ships. As the sailing fleet diminished in numbers every year, an important transformation was then effected in Italian shipping and the tonnage increased.

The following table shows the proportion of sailing and steam vessels between 1895 and 1920.





## Naval construction in Italy

(Yearly average of the tonnage of new constructions)



YEAR	STEAMSHIPS	SAILING SHIPS
	Nett Tonnage	Nett Tonnage
1895	220,508	555,569
1900	376,844	568,164
1905	484,432	541,171
1910	674,497	432,690
1914	933,156	348,959
1919 <sup>1)</sup>	800,000	—
1920 <sup>2)</sup>	1,400,000	—

Italian mercantile marine suffered severely during the war. Through the submarine campaign the steam fleet sustained the loss of 1,374,000 tons gross, and the merchant fleet was reduced from 1,960,000 to 586,000 tons gross.

To this last figure should be added however, 370,000 tons of enemy fleet, interned or captured, 210,000 tons, new constructions, 116,000 tons purchased from foreign countries and a small allowance should be made for tonnage rectification and recently confiscated vessels. The Italian steam fleet therefore, on 1<sup>st</sup> December 1918 had been reduced to 1,288,000 tons.

There are many indications that it is the firm intention of the Italian ship-owners and the Government to repair as soon as possible the losses sustained by the mercantile marine and bring it up to a figure in excess of its pre-war constitution, in accordance with the increasing requirements of international traffic.

<sup>1)</sup> Estimated value. — <sup>2)</sup> Estimates including new construction and recovered vessels, and the Adriatic shipping added to the Italian fleet.





## The Italian mercantile marine

(Gross tonnage of Italian steamships)



Even during the war, between 1915 and the autumn of 1918, naval construction attained a total of 142,000 tons gross. In the autumn of 1918 there were under construction 24 steamers representing a tonnage of 132,000. Arrangements had been made to start work on 16 others with a total tonnage of 88,000 and ship-builders had already agreed on the type of as many more and for the providing of the material. At a meeting of the Ministry of Transport in December 1919, the representatives from the ship-building yards pledged themselves to supply 700,000 tons of shipping a year, provided the Government guaranteed a definite basis for maritime legislation.

The largest Navigation Companies have under construction and approaching completion magnificent transatlantic liners, and several cargo vessels have been purchased abroad either through Government intervention or directly by ship-owners themselves. Others are being built in English and American yards while by the annexation of the Venezia Giulia about 600,000, or 700,000 tons of shipping will be added to the Italian mercantile fleet.

☪ The newly awakened spirit of enterprise shown by constructors and owners should lead, in a few years, to the possession of a mercantile marine that in size and efficiency could rival the fleets of the old days of Italy's greatest prosperity.

So equipped, she will be able to take her proper place among the most advanced maritime nations of the world.



THE PORTS AND THEIR TRAFFIC  
EFFICIENCY











THE Italian peninsula with the island of Sicily juts into the Mediterranean like a wedge, reaching almost to the African coast. Many and important advantages are derived from this geographical position, not the least being its influence on the growth of the Italian ports, especially those on the Adriatic and Tyrrhenian seas. Merchandise from the East, from Northern Africa and even from America arrives at Genoa, Venice and Trieste for distribution to the countries of Central Europe, while the products of Central Europe are received and collected at these great centres of exchange to be shipped to the same distant shores.

During the last twenty or thirty years the large Italian ports have developed in proportion to the industry, commerce and agriculture of the country. In 18 years, that is between 1895 and 1913, the maritime and commercial movements of the Italian ports more than doubled, as will be seen from the fol-



lowing figures giving the nett tonnage of incoming and outgoing shipping between 1895 and 1914 inclusive.

Year	1895	..	..	..	..	..	..	..	..	..	55,690,000 tons
»	1900	..	..	..	..	..	..	..	..	..	60,256,000 »
»	1905	..	..	..	..	..	..	..	..	..	80,782,000 »
»	1910	..	..	..	..	..	..	..	..	..	102,391,000 »
»	1913	..	..	..	..	..	..	..	..	..	113,838,000 »
»	1914	..	..	..	..	..	..	..	..	..	110,368,000 »

☪ The influence of the war was hardly perceptible in the statistics of the movements at the ports during 1914, but by 1915 a decided change was apparent, and the tonnage of the incoming and outgoing shipping fell rapidly to 79,043,077. The intensification of the submarine campaign in the later years of the war reduced this figure still more.

☪ In the first year after the war maritime trade showed signs of gradual recovery. Every effort was made to improve the ports and their mechanical appliances to enable them to cope with the exigencies of modern trade. Great difficulties had to be overcome, difficulties due to the war and experienced in every part of the world, for instance the shortage of labour and the depreciation of the plant which it had not been possible to keep up and repair during the war. Judging however by the work already completed and projected, it may be safely asserted that the ports of Italy will in time be fully competent to fulfil the destiny assigned to them by the geographical position of the country.





## The increase in maritime move- ments in Italy

(Nett tonnage of the ships entering and leaving Italian ports)



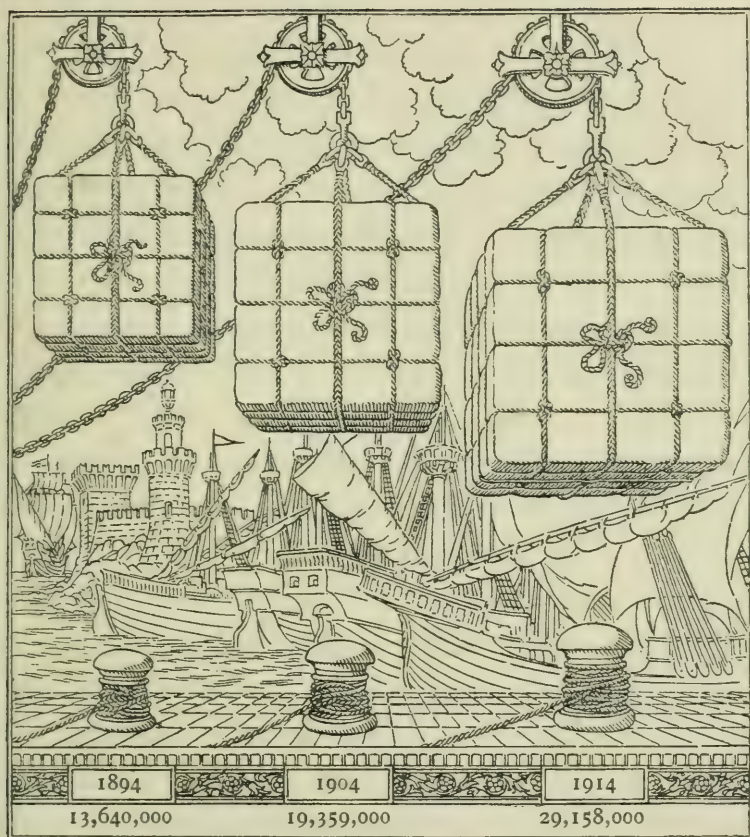
☪ Genoa, the greatest port of Italy, in the last year of normal activity accounted for about a tenth of the total tonnage of incoming and outgoing ships, with 14,457,442 tons, and the merchandise landed and embarked amounted to about twenty three per cent (7,446,006). The import trade in Genoa greatly exceeds the export; in 1913 over 6,000,000 tons were unloaded and little more than 1,000,000 shipped. In recent years, however, there are gratifying indications of a gradual increase in the exports, and this is apparent in the following figures which give the proportion, during four five-year periods, between the goods laded and landed:

1895-1899	..	..	17.6	1905-1909	..	..	17.0
1900-1904	..	..	17.3	1910-1914	..	..	18.1

During the last normal year the proportion was about twenty per cent. There is therefore every reason to believe that once the uncertain conditions of the early post-war years have been overcome, the balance will be restored in Genoa, the present excess of imports over exports exerting a very adverse influence on freights and the general development of the port.

☪ The port of Venice comes second in importance and in normal times the outgoing and incoming ships represented a tonnage of 4,500,000 (in 1913, 4,602,783 tons). In 1895 it was hardly 2,000,000. The increase in the amount of goods handled is in proportion and from little more than 1,000,000 tons in 1895 rose to over 2,500,000 in 1913. Venice, like Genoa and





## Increase in Italian maritime traffic

(Tonnage of the goods shipped and unloaded in Italian ports)



to an even greater extent, has up to the present been essentially a port for importation.

☪ Trieste is the largest port of the Adriatic. The tonnage of incoming and outgoing vessels exceeded 10,000,000 in 1914, and 3,500,000 tons of goods were shipped and unloaded. Conditions in Trieste as regards outgoing cargoes are better than in Genoa or Venice, the proportion to the incoming cargoes being about thirty per cent. During the last years of normal traffic this percentage showed a tendency towards increase; in 1911 it was forty three per cent, in 1912, forty eight per cent and in 1913, forty nine per cent. The traffic in the port of Trieste increased threefold in value between 1880-1890 when it was hardly 658,000,000 crowns, and 1913, when it was over 1,800 million.

☪ Naples holds first place in the matter of maritime movements (18,538,131 tons in 1913) and the number of passengers embarked and disembarked, of which there were nearly 1,000,000 in 1913. On the other hand it is far behind Genoa in the matter of cargoes and surpassed even by Venice (2,419,210 tons in 1913). The commercial future of Naples, like the commercial future of the other southern ports of Italy, Palermo, Catania, Messina and Bari, is closely bound up with the destiny of the southern provinces. These show signs of agricultural promise and already an industrial future can be predicted especially for those industries connected with agricultural pursuits.



◀ In addition to the above large ports Italy is ringed round with smaller harbours which play an important part in the national economy.

Starting from the western frontier we come to Savona, fast gaining in importance as the port of Turin and to be eventually incorporated with the new and splendid port of Vado. Its future prosperity is assured by its direct connection by electric railway with the capital of Piedmont, which railway is already under construction.

At the extreme limit of the Riviera di Levante lies Spezia, Italy's principal naval port and one of her deepest and safest harbours.

Further south is Leghorn, the port for Tuscany and Central Italy, a fine and populous city of recent origin and still developing. Next to it comes Civitavecchia, the port of Rome. Opposite lies the island of Sardinia connected with the continent by a mail-boat service via Golfo d'Aranci and Cagliari, the chief town of the island, situated on the gulf of the same name.

◀ Sicily is rich in ports; the smaller ones may be disregarded but mention must be made of the following: Palermo, the most important outlet for the agricultural products of the island; Messina, that unhappy city, newly risen from her ruins through the splendid courage of her citizens and which once more commands the Straits; Catania, an active centre for the export of sulphur from the Sicilian mines, and for trade with the Libyan colonies. The port of Catania is a fine modern construction,



completed in 1889, and affords safe anchorage against the African scirocco.

☪ Taranto is the only port deserving description on the Ionian sea, and lies at the head of the gulf bearing the same name, on an island connected with the mainland by two bridges. Taranto possesses a magnificent natural harbour, 25 kilometers in circumference and divided into two, the Mar Piccolo to the East, and the Mar Grande, to the West. As a naval port it ranks second only to Spezia and its military efficiency would be increased if the projected navigable channel were constructed between it and the naval base of Brindisi on the opposite coast of the Salentine peninsula.

☪ Apulia is well-provided with both large and small harbours. First among these comes Bari, the most important town on the southern Adriatic. The new port, initiated by decree of the Kingdom of the Two Sicilies in 1852 was finished in 1883, with the construction of the mole one kilometer in length. It is however already inadequate to the needs of modern navigation. Another Apulian port with a future is Otranto, the bridge head of the Balkan railways, situated at the narrowest point of the Straits of the same name. A fast ferry boat service between Otranto and Valona, the terminus of the Monastir railway, would ensure the most rapid communication between Western Europe and Constantinople.

Ancona is the only port of any importance on the coast between Bari and Venice. Its name is probably derived



from the Greek on account of the promontory on which it is situated.

¶ The liberation of the Eastern shores of the Adriatic has brought Italy, in addition to Trieste, a series of ports of great activity of movement and markedly progressive in character.

These will play their part in strengthening Italy's position in the  
Levant.







THE UPWARD TREND OF  
ITALY'S FOREIGN  
TRADE









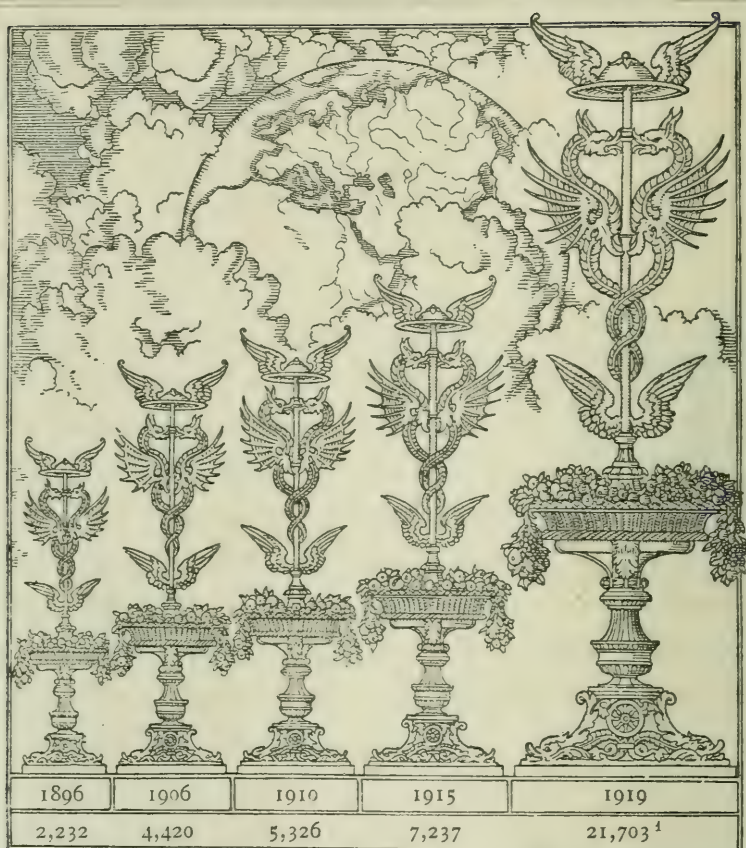


THE ten years between 1887 and 1896 marked a period of acute economic stress in Italy. This is most clearly brought out in the figures for foreign trade, which fell by about a fifth of their former averages. Nevertheless, it was during those dark years that

the persevering activity of the Government and people prepared the way towards a vigorous recovery. The system of commercial agreements of 1891-1892 helped to tide over the period of depression. Energetic measures improved the currency and restored the balance, so that when in 1898 relations with France were resumed the statistics for commercial movements as a whole once more stood at the level whence they had fallen ten years before.

This marked the beginning of an upward movement, a sign of the growing vitality of the nation. The figures for foreign trade, which in 1896 did not exceed 2,232 million (70.85 lire per inhabitant) were almost doubled in 1906 (4,420 million and 132.62 lire per inhabitant). In 1910, the last normal year before the



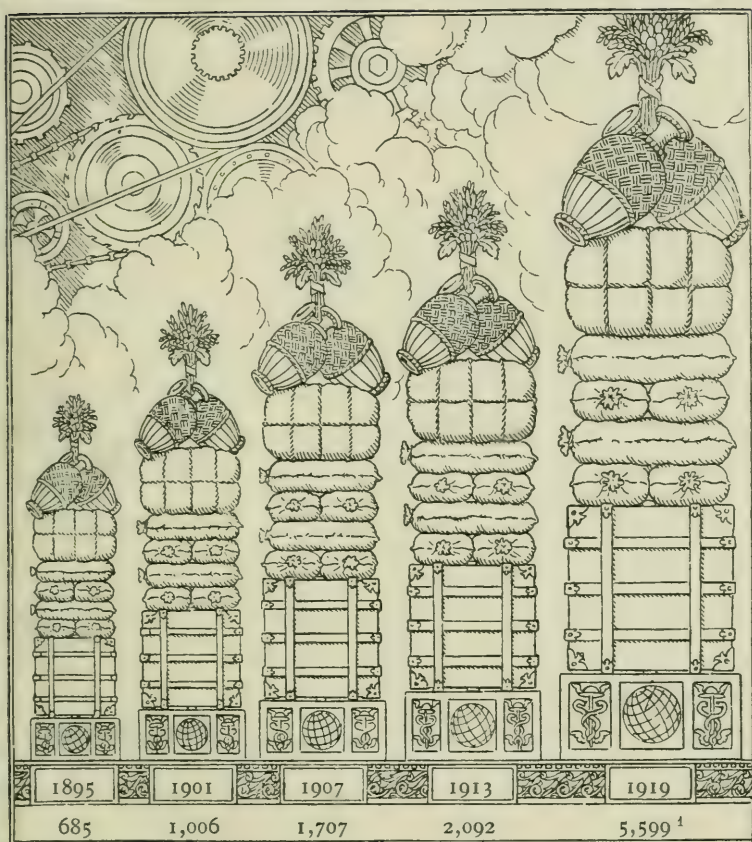


## Italian foreign trade

(Total movements, given in million lire)

<sup>1</sup> Based on the prices in 1918





## Italy's participation in the commerce of the world

(Importation of raw material for industrial purposes, given in million lire)

<sup>1</sup> Based on the prices in 1918

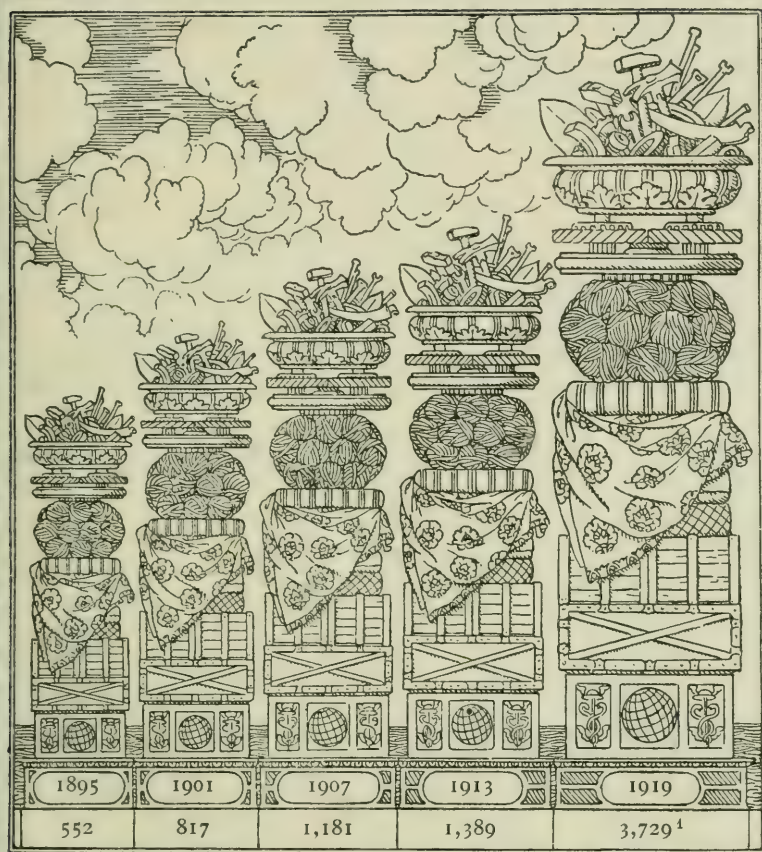


Libyan campaign, these figures had already increased by nearly a milliard (5,326) in the one case and reached in the other 154.93 lire. The growing preponderance of imports over exports emphasized the fact that Italy was now entitled, for many reasons, to the position of a creditor nation in the international market.

¶ The situation did not change materially during the Italo-Turkish and Balkan wars, another half milliard being added to the total figure for foreign trade (6,157 million) in spite of the fact that business was at a low ebb throughout Europe during this period, on account of the stormy political outlook. The outbreak of the Great War naturally brought about an appreciable reduction in the second half of the following year, which was immediately succeeded by a recovery that more than adjusted the balance. In 1915 the record figure of 7,237 million was reached, giving 199.18 per inhabitant. The averages therefore of these five eventful and tempestuous years (1911-1915) were considerably higher than during the preceding corresponding period. In estimating the volume of trade, the simultaneous rise in prices must not be lost sight of; nevertheless it is impossible to ignore the indications given by these statistics of the vigorous resistance maintained by the country in the face of opposing circumstances.

¶ From the date of Italy's entry into the war, however, the figures for foreign trade only partially reflect spontaneous economic phenomena and cease to be reliable symptoms of productive and consumptive capacity. They are evidences rather



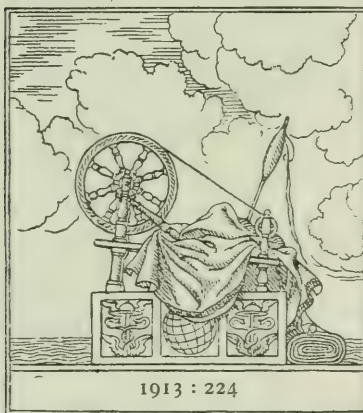


## Italy's participation in the commerce of the world

(Exportation of semi-wrought and finished products, given in million lire)

<sup>1</sup> Based on the prices in 1918





## Italy's participation in the commerce of the world

(Exportation of cotton thread and woven material, given in million lire)

<sup>1</sup> Based on the prices in 1918

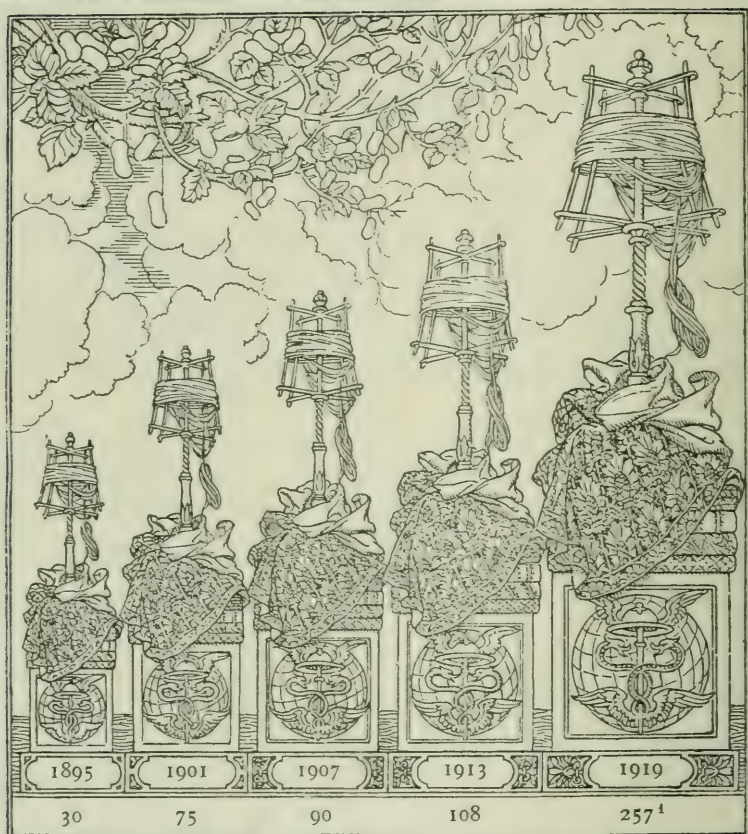


of the action of State control over commerce as a whole. The war dominates, expands, contracts and distorts them. The rise in prices prevents comparison with previous series. They are of value, however, in that they show the ready adaptability of the Italian export trade which, deprived of its best markets, sought every opportunity for providing itself with new openings. This characteristic has continued to assert itself since the armistice, in spite of the obstacles placed in its way by the immense difficulties of transport and incessant restrictions. The conditions directing Italian trade were on their side influenced and reacted upon by the politics of the country.

☪ In 1910, the last normal year, the countries that exported goods to Italy were as follows, in their order of importance: Germany, Great Britain, the United States, France and Tunis, Austria-Hungary, Russia, India, Argentina, Belgium, Switzerland, Roumania, China, Turkey, Brazil, Egypt, Holland, Spain. The countries importing Italian products stand in a different order: Germany, the United States, France and Tunis, Switzerland, Great Britain, Austria-Hungary, Argentina, Turkey, Belgium, Russia, Egypt, India, Brazil. The most important imports are cereals, raw cotton, coal, cocoons and silk, timber, machines, live stock, hides and wool. In the front line among exports are silk, fruit and vegetables, woven materials, wine, cheese, olive oil, eggs and poultry, hemp, macaroni, etc., sulphur.

☪ A reference to the statistics for a number of years shows



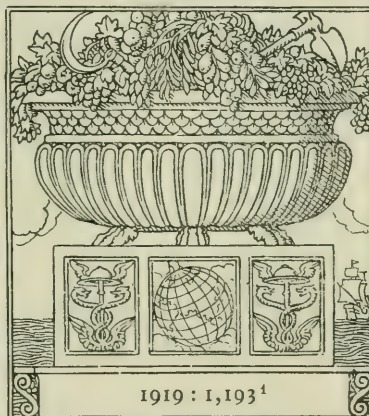


## Italy's participation in the commerce of the world

(Exportation of woven and other silk goods, given in million lire)

<sup>1</sup> Based on the prices in 1918





## Italy's participation in the commerce of the world

(Exportation of agricultural produce in million lire)

<sup>1</sup>Based on the price in 1918

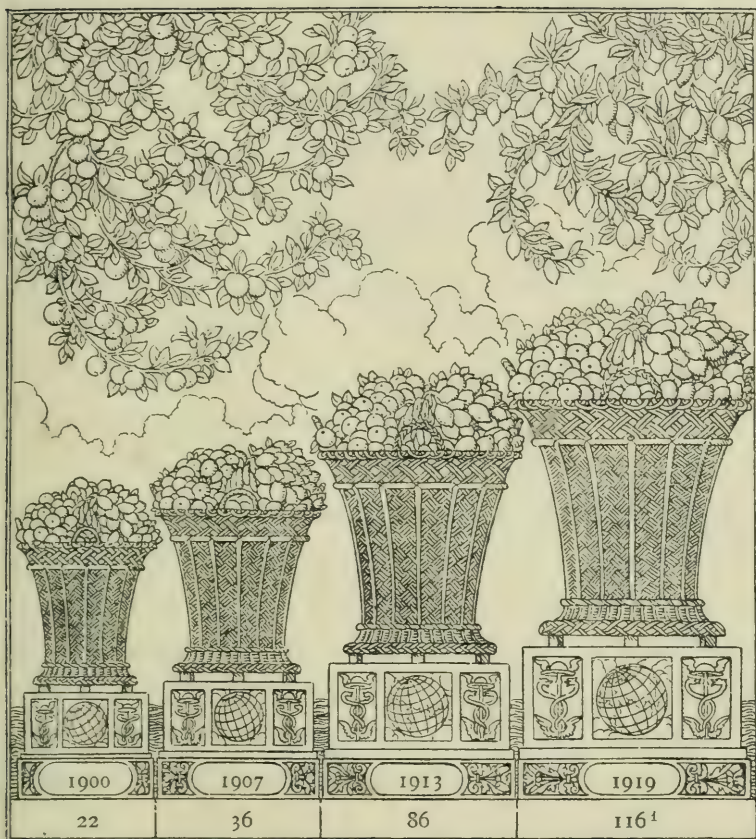


the relation between the development of foreign trade and the improvement in the economic situation of the country. In 1910 the amount of raw material imported for industrial purposes, whether unwrought or semi-wrought, exceeded the figures for 1892, and 1904 by 1,183 and 651 million lire respectively. Manufactured goods for the same dates show an increase of 534,000,000 and 404,000,000; foods and animal products, 349 million and 314 million. In 1910 the export of manufactured goods exceeded that of 1892 by 477 million and of 1904 by 228 million; agricultural produce by 327 and 98 million; raw and semi-worked material by 224 and 159 million. Comparing 1910 with 1892, the proportion of material imported for industrial purposes is fifty seven per cent of the whole amount imported, while the output of manufactured goods contributed forty two and five per cent of the increase in the export trade.

Arguments based on comparisons between data not in themselves properly comparable, should be received with all due reserve, but from these clearly emerge the evolution in the quality of Italian trade, evidence of the growing importance of the work done in Italian factories and the improvement in agrarian conditions and production. Proofs of agricultural progress are given by the universal employment of agricultural machines; the vigorous impetus given to stock breeding and dairy production; the enormous importation of fertilizing material; all indications of the tendency towards practical intensive culture.

¶ The dislocation of the economic equilibrium caused by the





## Italy's participation in the commerce of the world

(Export of oranges, lemons, etc., in million lire)

<sup>1</sup> Based on the prices in 1918



war, renders the resumption of foreign trade relations a task of unheard of difficulty. The traditional markets for many of the products of the peninsula have greatly reduced their purchases. Restrictions are imposed on exportation elsewhere and threaten the supply of the raw material indispensable to industry. On the other hand, in the case of certain commodities, transport difficulties are diminishing the fear that foreign competition will assert itself. The reconstruction of the devastated areas and the exhaustion of European stocks, create an exceptional demand for goods from those countries where manufactures are numerous and plants intact.

The exceptional profits of these years have induced a flow of capital and energy towards agricultural pursuits, as is shown by the widespread acquisition of land by the class most capable of developing it. This will double the returns, and the burden of the war will have barely disappeared and its wounds healed when a profitable trade in the characteristic fruits of the soil will be reopened. The depreciation of the lira will contribute towards this, as it facilitates purchases in the Italian market. The possession of new ports on the Mediterranean will always ensure to Italy the control of the transit trade to and from Central Europe.



THE INFLUX OF FOREIGNERS  
AND "INVISIBLE  
EXPORTS"











THE natural beauties of Italy endow her with peculiar and enduring charm, and when to these are added her abundant art treasures, evidences of a thousand years of culture, it is small wonder that she should be the favourite resort of so large a number of tourists.

The intended coasts with their changing lights and shadows, are dotted with innumerable little towns and clustering villas. Here may be found pleasant and peaceful retreats or the gaiety and fashion of a cosmopolitan watering place.

A succession of picturesque spots, full of variety and each possessing its own special charm, stretch from the Ligurian Riviera (San Remo, Nervi, Santa Margherita, Rapallo, Bordighera, Portofino) to the Tyrrhenian Riviera (Marina di Pisa and Viareggio), the southern Tyrrhenian shore (Gulf of Naples, the Sorrentine peninsula, the island of Capri and the Amalfi coast) and Sicily ("Conca d'oro" of Palermo, Taormina). Following the Adriatic coast we come to Senigallia, Cattolica, Riccione, Rimini, the Lido of Venice and the libe-



rated provinces (Grado, Portorose, the Brioni islands, Abbazia, and Lussin Piccolo).

The Alpine uplands offer other varieties of scenery. Lofty peaks and immense pointed pinnacles surrounded by vast fields of eternal snow, and fir forests, tower above the peaceful, enclosed valleys and sub-Alpine lakes. Before one's mental vision pass such spots as Courmayeur and Gressoney in the Val d'Aosta, Bolzano, Merano, Bressanone in the upper Adige valley and the Trentino; the Dolomites, Cortina d'Ampezzo and Misurina in Cadore; Stresa, Laveno and Pallanza on Lago Maggiore; Cernobbio, Bellagio, Menaggio and Tremezzo on Lake Como; Salò, Desenzano, Riva and Sirmione on Lake Garda. From frontier to frontier, from the mountains to the coast, Italy is encircled with natural beauties.

The interior of the peninsula also presents a series of picturesque scenes. There is constant variety in the landscape owing to the irregularities of the ground and here and there rise little villages and towns whose temples, castles, towers and abbeys still stand as monuments of an ancient civilization. Among the most notable are Vallombrosa, Pracchia and Porretta in the Apennines; Frascati and other Roman castles in Latium, and the Abruzzo, between the Apennines and the sea, has a beauty all its own.

☞ Italy possesses many hot springs whose efficacy is renowned. Large hotels and buildings, provided with every modern comfort have been erected through the instrumentality of certain societies, and bathing establishments of world importance have



grown up in the neighbourhood of the best springs. The best known are Montecatini, San Pellegrino, Salsomaggiore, Fiuggi, Chianciano, Acqui, Bagni di Lucca, Abano, Recoaro, Roncigno, Levico, Vetriolo.

¶ If Italy is preeminent among other countries for the beauties of her scenery, her treasures of art raise her to a position altogether unique. Marvels of Greek and Roman art are still to be seen, the severe temples of Selinunte and Girgenti, wonderful Pompeii, restored to the light of day after nearly 19 centuries of burial under the ashes of Vesuvius, and Ostia, the port of Imperial Rome. Innumerable works of mediaeval and Renaissance art are preserved in Italian cities, many of which are rich works of art in themselves. Medicean Florence, where are collected the finest masterpieces of the art of the Middle Ages and the Renaissance and Venice, which during long centuries of dominion over the east absorbed and fused the elements of oriental art into one harmonious whole, bring before the mind visions of delight. Rome, "caput mundi" is an epitome of Italian art. The colossal works of Imperial Rome, still standing after so many centuries, the superb churches and palaces of Papal Rome, proclaim the history of a thousand years of civilization, diffused by Italy throughout the world.

¶ Attracted by so many beauties of nature and art, and the pleasant Italian climate, large numbers of foreigners flock to Italy from all parts of the world for prolonged visits. During the last ten years the improvements effected in com-



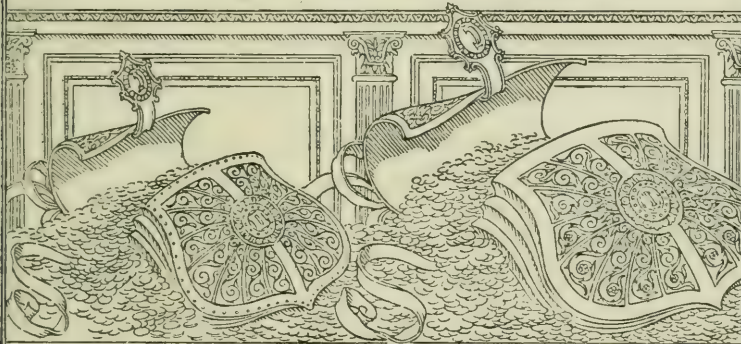
munications and the increased comfort of the hotels have made travelling in Italy pleasanter and more attractive. The number of foreigners arriving in Italy is consequently always increasing. According to reliable estimates the number of foreigners who visited Italy was, before the war, about a million annually.

Considering that a large proportion of tourists make a round of several Italian cities, each of which has its own special attraction in the way of natural beauties and works of art, and that a great many spend the winter months in the country, it may be safely assumed that 30 days constitute the average visit. This assumption is borne out by the statistics for railway traffic. Italian economy derives considerable benefits from the influx and prolonged sojourn of so large a number of foreigners.

Besides their expediture on board and lodging and the ordinary needs of daily life, foreigners purchase many of the works of art and curios offered for sale in every part of Italy. Numbers of articles, often very costly, are therefore exported without ever appearing among the commercial statistics of the country. The sums expended by foreigners in Italy being paid in foreign money constitute an important factor in the improvement of the difference between the export and import trade and between Italy's obligations towards foreign countries and their debts to her.

Careful calculations regarding the total amount of money spent by foreigners in Italy give a minimum of about 300 millions for 1897 and about half a milliard lire (gold) for 1910 and the





Year 1897 : Over 300

Year 1910 : Over 450

## Sums spent by foreigners in Italy

(In million lire-gold)



following years. These sums compared with the differences of the commercial budget give an idea of the economic importance of the tourist traffic in Italy.

Y E A R	Sums spent by foreigners in Italy	Excess of imports over exports (including precious metals)
1897	300,000,000 Lire	85,000,000 Lire
1910	450,000,000 »	1,149,000,000 »

☐ The considerable increase in the sums spent by foreigners during the first ten years of the present century is worthy of note. It continued until the outbreak of war when every relation of normal life was interrupted and Italy deprived of a valuable source of revenue. Italy may, however, confidently count on the resumption of a traffic determined by the natural and artistic beauties of the country.

State organization and private enterprise are concerting measures calculated to render the sojourn of foreigners in Italy easier and more comfortable. It is to be hoped, therefore, that as soon as peaceful conditions once more prevail in Europe, the tourist traffic will be resumed and bring its valuable contribution towards the settlement of the international accounts.



THE ECONOMIC VALUE  
OF THE ITALIAN  
COLONIES











THE participation of Italy in the colonizing movement, which may be dated about 1880, was determined by her geographical position in the Mediterranean; the African explorations of enterprising and intrepid Italian travellers; the marked aptitude for colonization displayed by the people; the exigencies of economic development, and last, though certainly not least, the expansion of the population.

After many military, political and diplomatic vicissitudes, Italy came into possession of colonies in east and north Africa. The first to be taken over was Erythrea, which dates its origin from the occupation of the Bay of Assab. Its area is little less than 119,000 sq. kilometers. The native population may be divided into three groups: first, Cushite or Amharic; second, Hamitic; third, Semitic. The three races are, however, so mixed that none can be really considered pure. The majority are Mahommedan and Coptic Christians.



The colony of Erythrea, bounded on the east by the Red Sea, has a coast-line of about 1,100 kilometers in extent. The most important region, both as regards beauty of scenery and productive potentiality, is the Erythrean tableland, which may be said to be the northern extremity of the so-called Ethiopian tableland. Though not possessed of mineral wealth or capable of great agricultural development, no doubts can be entertained of the future of this region as the trade from Ethiopia and Eastern Sudan to the Red Sea passes through it. "Dura" is cultivated in the plain and barley and wheat grow on the plateau without the help of artificial irrigation. These grains constitute the basis of the production necessary for local consumption. Of secondary importance are the flax and vegetables cultivated on the tableland, and the maize and beans that flourish in the plains.

Massawa is the centre of an important pearl trade. The seas surrounding the adjacent Archipelago of Dahalak contain great banks of pearl oysters, the "bulbul" of the natives, as well as mother of pearl shells, or "sadaf". At the commencement of the pearl-fishing season a fleet of some 300 "sambuks" arrives from Jeddah, Konfuda, Hodeida and other ports in the Red Sea and Persian Gulf. The pearls find their way to India, but the mother of pearl is nearly all sent to Trieste.

☉ Somaliland, the other Italian colony in East Africa, has an area of about 400,000 sq. kilometers. The southern portion is traversed by the river Juba and the Webi Shebeli, numbered among the largest rivers of Africa, while the northern portion



is watered by the Wady Nogal. Mogadiscio is the most important centre of Italian Somaliland.

It is a level country, except for the dunes along the coast and enclosing the last stretches of the Juba. Almost the only trees met with are the mimosa, different species of acacia and agaves, which last supply fibre for ropes and coarse weaving. The euphorbia and baobab are also frequent. The vegetation is particularly luxuriant near the rivers where several varieties of palms are found, besides sycamores, ebony trees, gum and incense-bearing plants and tall tamarinds. Pasturage is plentiful, the amount of cattle already considerable and further increase is possible.

The natives possess numerous "shambe" or cultivated lands on the river banks and though their tools and methods are of the most primitive description, the wonderful fertility of the soil yields two, and sometimes even three, harvests a year from the same plot of ground. They grow as much as is necessary for their own needs and for the purposes of a limited trade. The principal cultivation is mealies, then sesame, from which the oil is extracted, beans, potatoes, dura, tobacco, cotton, etc.

From the time of the Libyan campaign to the present day Italian Somaliland has given proof of great economic resilience. This colony is self-supporting and has retained its place in the markets towards which its geographical position naturally inclines it.

The principal import is cotton material, next come sugar, coffee, tobacco, petroleum, etc. The principal export is hides



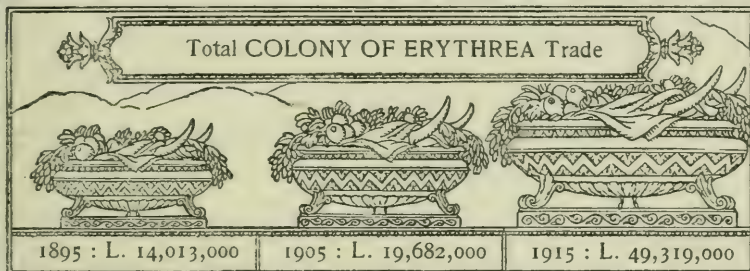
(ox, goat and gazelle) wool, butter, ivory, etc. The transit trade from Ethiopia and the Italian stations of Lugh and Bardera is of considerable importance. There is every reason to believe that this stream of traffic will become greater and more extensive.

☪ The boundaries of the two colonies in North Africa, which form Libya, i. e. Tripolitane and Cyrenaica, are not yet properly defined. Their area, however, may be estimated at over a million and a half sq. kilometers, and the population at about one million. The coast line is about 2,000 kilometers in extent. Libya was declared an Italian possession by the annexation decree of 5 November 1911. At the present day the two colonies have a statute granting the liberty necessary to the development of local energy. A period of peaceful progress is therefore assured to Libya.

Much has already been done to improve agricultural conditions in Libya, which may be said to have been disastrous before the Italian occupation. A department of Agriculture was opened at Tripoli in March 1914 and granted full powers and means for ensuring prompt and efficacious action. Its efforts towards the encouragement of local production have resulted in the oasis of Tripoli being cultivated during recent years to an extent hitherto unknown.

An agricultural syndicate was also instituted in Cyrenaica for the purpose of increasing the area of cultivation to its utmost capacity, and such agricultural machines as were best adapted to the country, were introduced.





The foreign trade of the Italian colonies



¶ The importance of the African colonies, both eastern and northern, was proved by the economic assistance rendered by them to the mother country during the war. Among the principal commodities exported by Erythrea during the war were preserved meat, skins, cocoanuts and chlorate of potash;

Somaliland exported skins, dura, oxen, maize and beans.

The agricultural and industrial future of the Italian colonies is full of promise when their actual conditions are taken into account. Cattle breeding, cotton growing, sea industries and mines are capable of important development. In Erythrea the production of grain could be considerably increased. Cotton, which was widely cultivated, both in Erythrea and parts of Somaliland, could be produced to a still greater extent, and of finer quality. The fisheries along the Tripolitanian coast could be more extensively developed, especially sponge fishing. As regards mines, the ground is being explored for metal and other deposits. By extending the lines of communication and increasing the means of transport the future of the colonies would be assured and Italy would derive appreciable benefits from their prosperity.

¶ On the conclusion of peace, by agreement with England and France the Italian colonies were enlarged by the annexation of some adjacent territories. Italian Somaliland will include Jubaland with the port of Kisimayo, thereby increasing the Italian possessions on the Indian Ocean by over 125,000 sq. kilometers of land already to a great extent capable of cultivation. By utilizing the waters of the Juba for irrigation and



with the completion of vast works of colonization, the economic value of the region will be considerably augmented, since there is reason to believe that cotton, maize, rice, tobacco and various raw materials could be produced there. The skill already displayed by Italians at home and abroad in hydraulic operations and colonization is a guarantee of the success of the works projected.

The confines of Libya will be extended by the addition of the oases of Jarabubo and Koufra on the east, and of the caravan routes from Ghadamas to Ghat and to Tummo on the west. The colony will thereby increase its natural resources and develop its traffic.

¶ By the treaty of peace with Turkey, Italy obtained economic control over the territory south west of Anatolia, from the valley of the Meander to the Lamas, and her right to exploit the coal mines of Heraclea was recognized.

Through economic undertakings founded on large productive works that stimulate and absorb the activities of the local population, these territories could supply considerable quantities of raw material for industry as well as agricultural products. Chief of these are cotton, which could be grown in the southern regions (Adalia) and coal from Heraclea, where before the war the output was 900,000 tons annually. But they possess a still higher value as bases for the development of the traffic between the Mediterranean and Armenia, the Caucasus and Persia.

Italy with her prosperous industries, her flourishing trade, the



support of a sound banking organization and a progressive mercantile marine could greatly increase the wealth of these countries, at the same time deriving advantages for herself by the consolidation of her economic expansion.



NATIONAL THRIFT AND THE  
BANKING SITUATION











HERE are few countries where the action of the banks on the development of the national wealth has been so prompt and efficacious as in Italy. The sober, hardworking and upright qualities of the race are favourable to thrift and the national savings

have in a few decades played a truly surprising part in the development of agriculture, industry and commerce. A large and varied group of banks financing merchandise, securities in general and agriculture, supported by a prosperous Bank of Issue reinforced by two State Banks, collect, concentrate and distribute the people's savings, which may be likened to the small streams whose confluence forms the great rivers.

The virtue of thrift is one the Italians have never departed from even in their darkest and stormiest hours when the national revenue was at its lowest through fiscal crises and burdens. Even during the war Italians contrived to save as will be seen from the following table of savings deposits, current accounts and interest bearing deposit receipts.

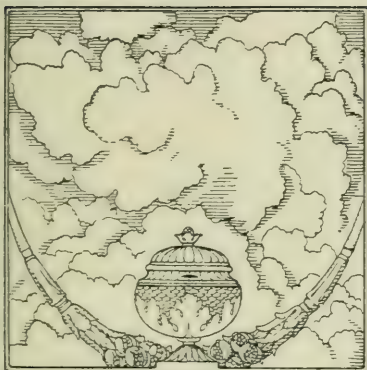


	On 30 June 1909	On 30 June 1914	On 30 June 1919
	(million lire)	(million lire)	(million lire)
Rural Banks .. .. .	62	104	282
"Monti di Pietà" .. .. .	83	115	457
Post office Savings Banks .. .. .	1,492	2,121	4,223
Ordinary Savings Banks .. .. .	2,323	2,800	5,589
Peoples Banks .. .. .	653	703	1,423
Other Co-operative Banks .. .. .	390	507	1,237
Ordinary Banks .. .. .	791	1,045	3,447
Banks of Issue .. .. .	101	101	775
Resumé:			
Sums deposited with Rural Banks ..	62	104	282
Sums deposited with Savings Banks	4,004	6,005	13,586
Ordinary Deposits .. .. .	1,230	1,491	3,567
Total .. .. .	5,296	7,600	17,435

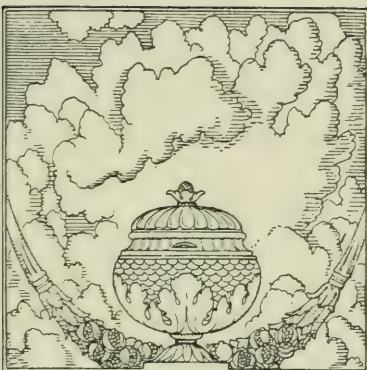
The small savings of 1914 had increased by about 7 milliards by 1919, a phenomenon that cannot be explained entirely by the influence of paper money, the circulation of which rose from 3 to 15 milliards between 1914 and 1919. When it is remembered that during the same period the small depositor was also subscribing to War Loans, the fact is even more remarkable. The War Loans, as a whole, benefited the Exchequer to the extent of 35.6 milliards.

☪ The most recent statistics give the number of ordinary banks as 211 at the end of June 1917, and of co-operative banks as 748. The widespread application of the principle of co-operation to banking organizations is an outstanding feature of the Italian banking system. The grouping of co-operative banks into powerful federations by strengthening their activities, extended their operations in every direction to the advantage of small





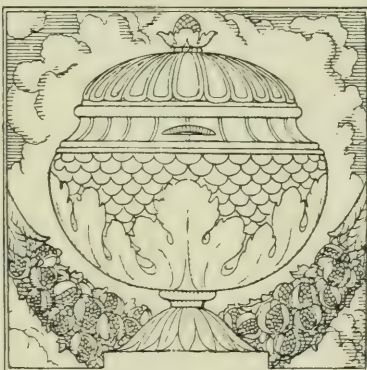
Year 1894 : 2.4



Year 1909 : 5.9



Year 1914 : 7.6



Year 1919 : 17.5

## The savings of the Italians

(In milliard lire)



commercial undertakings, agriculture and labour. Enterprising savings banks are distinguished from limited companies by their small capital and the magnitude of their deposits. This is the best proof of the confidence they inspire, which has been justified by the exemplary solidarity they displayed in aiding co-operative societies for production and work.

Not less deserving of note is the development of the 200 ordinary banks established on democratic principles with shares at a low nominal value within the reach of limited incomes. Possessing important deposits they have given an impetus to commercial activity. In their case also the confidence they enjoy may be gauged by the growing disproportion between the capital and the deposits, the latter being in some cases ten times as great as the former. The ordinary banks in Italy, though without Government assistance, which in England even so liberal an organ as the "Statist" advocated, did not abuse this confidence as they invariably refused to employ their deposits in speculative transactions.

Among the ordinary credit banks the most important are the four credit banks founded with the principal object of directing, supporting and developing the financial and economic resources of the country. These organizations with their capital, their connections and ramifications constitute an economic and financial power of the highest importance, strengthened by the technical experience and unusual breadth of outlook possessed by their directors.

The oldest of these, since it traces its origin to the Banca di



Genova founded in 1870, is the Credito Italiano, established in February 1895 with a capital of 14 millions.

The Banco di Roma dates from 1880 when it started with a nominal capital of 6 millions. Next in point of time comes the Banca Commerciale Italiana founded in 1894 with a capital of 20,000,000 and last the Banca Italiana di Sconto established in December 1914 with a share capital of 15 millions.

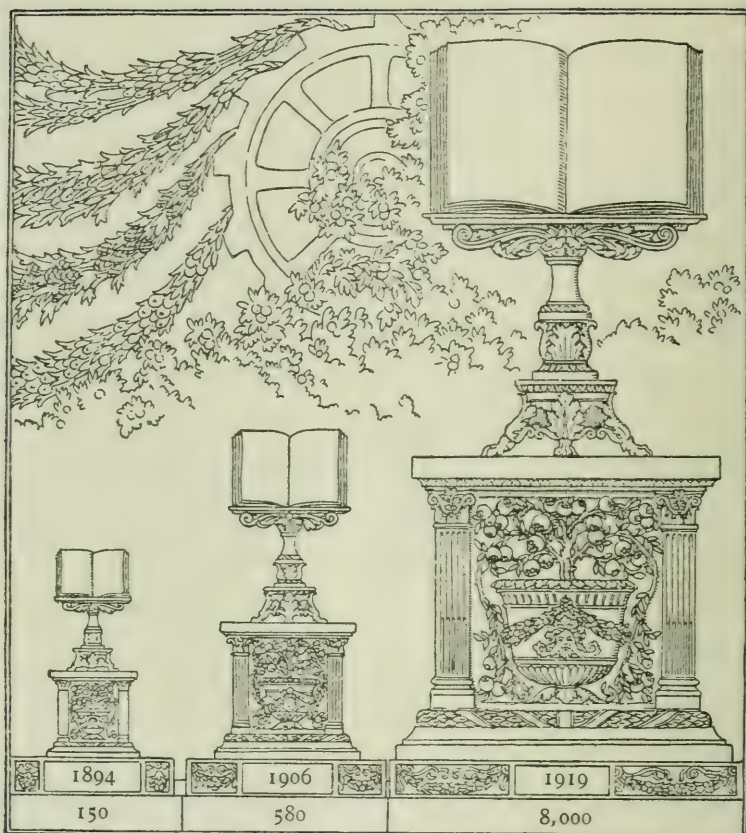
The total effective power of the four great banks which exercise so decisive an influence on the economic life of the nation, and their situation during the last six years, is shown under the most striking headings in the subjoined analytical table.

SITUATION OF THE FOUR GREAT CREDIT BANKS (in million lire)

YEAR (end of December)	Cash	Bills receivable	Debit Balances with Cor- respondents	Deposits	Credit Balances with Cor- respondents	Capital	Reserve and other Funds
1913	129	1,035	751	702	971	470	77
1914	171	936	672	546	1,026	496	91
1915	270	988	720	483	1,036	451	75
1916	287	2,081	987	766	2,285	376	73
1917	408	3,171	1,861	1,164	3,833	446	80
1918	518	4,500	2,796	1,973	5,514	638	136
1919	981	7,335	4,910	2,561	9,466	925	214

Inclined to specialization, the larger Italian banks are careful to preserve their independence with regard to the undertakings they finance, in order to avoid being drawn into investments of an unrealisable nature. Their function is to grant credit, not to trade. Investments in industrial shares were as a rule of a temporary nature, and ceased with the economic necessity that gave them birth. Mention should, however, be





## Development of banking in Italy

(Increase in number of bills receivable and loans of the principal Italian banks. In million lire)



made of the tendency to form selective organic groups of undertakings, each with one of the four banks as its centre. This does not, however, exclude, when it is a question of granting important credits, their sub-division among various branches of industry. On the cessation of the war the four banks resumed with renewed vigour their work for the furtherance of Italian commerce, even extending their operations beyond political limits by participating in the share capital of large foreign banking and industrial organizations. This is a step towards the internationalization of the credit necessary for the reconstruction of the world's economic system, overthrown by the war. Certainly the mission of these great promoters of economic welfare of a country that numbers more than 4,000 limited companies, is far from being at an end. A glance at their history in the past, pervaded as it is with the spirit of progress, dispels all doubts as to their activity in the future. No industry worthy of development, however great its financial needs, will find their helping hand withheld.

☪ The number of banks in Italy which make advances on land is small. Seven such institutions have considerably reduced their transactions owing to the plentiful supply of money, the rise in the price of agricultural produce and the cessation of work in the building trade. In the case of the above banks the voluntary repayments before due date exceed the opening of new loans, which is a satisfactory sign. On the other hand ever greater activity is apparent among the 3,000 rural and agrarian banks which finance the small proprietor, the



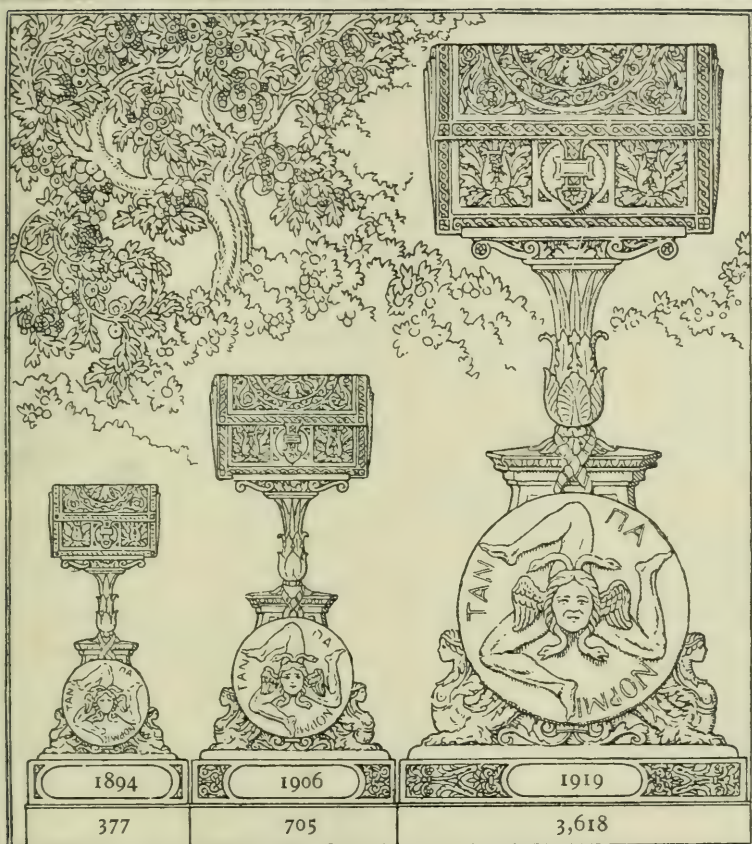
peasant cultivator on the metayer system, the tenant farmer and the peasants who are in need of working capital for a long term. These constitute a flourishing organization which has extended the co-operative principle of the national credit system, banished the money-lender from the country districts and improved the position of the humble and simple mass of peasantry who represent thirty four per cent of the population of the kingdom, exclusive of persons under 10 years of age. Italian agrarian economy, which with a capital of less than 6 millions has acquired 282 millions of savings, may be proud indeed.

As regulators of the money market and financial situation in Italy, the Banks of Issue are supreme. The issue of notes is undertaken by two institutions without shareholders, the Bank of Naples and the Bank of Sicily and by a company limited by shares, the Bank of Italy, which, thanks to legislative measures conforming to the strictest rules of the banking profession and the enlightened policy of their Directors, have insured elasticity and credit to the bank note circulation.

SITUATION OF THE BANKS OF ISSUE (in million lire)

YEAR (end of Dec.)	Currency on behalf of		Total Reserve Funds	Advances	Bills receivable	Loans at call	Deposits
	Commerce	the State					
1871	577	678	307	89	343	119	61
1880	749	940	323	147	423	162	88
1890	1,126	10	409	123	671	155	229
1900	1,139	—	614	72	456	156	128
1910	2,027	—	1,411	172	838	231	108
1919	5,652	10,630	2,044	1,574	2,044	1,904	726





## The growth of the banks of issue in Italy

(Bills receivable and advances of the banks of issue,  
in million lire)



# SITUATION OF THE BANKS OF ISSUE

(In million lire)

DATE	Re-serve	Bills receivable	Ordinary advances	Circulation on behalf of			De-posit	Loans at call
				Trade	the State	Total		

## Bank of Italy (Fully paid in capital 180,000,000)

July 1914 .. ..	1,282	510	115	1,730	—	1,730	79	143
December 1914.	1,343	705	151	1,643	518	2,162	288	220
June 1915 .. ..	1,299	859	182	1,751	1,174	2,926	204	325
June 1916 .. ..	1,320	448	210	1,655	1,723	3,379	384	448
June 1917 .. ..	1,399	531	423	2,013	2,453	4,466	304	771
June 1918 .. ..	1,448	786	657	3,118	4,730	7,848	549	1,078
June 1919 .. ..	1,692	766	933	3,715	5,823	9,538	586	1,051
December 1919.	1,657	1,356	1,365	4,920	7,772	12,692	563	1,444

## Bank of Naples (Capital 50,000,000)

July 1914 .. ..	298	145	33	428	—	428	26	48
December 1914.	319	200	47	458	170	628	75	62
June 1915 .. ..	291	241	55	410	365	775	98	66
June 1916 .. ..	300	142	61	444	340	784	78	78
June 1917 .. ..	380	215	91	423	780	1,104	75	93
June 1918 .. ..	333	293	161	444	1,367	1,811	126	133
June 1919 .. ..	325	307	132	479	1,746	2,225	137	169
December 1919.	315	550	160	682	2,295	2,977	116	284

## Bank of Sicily (Capital 12,000,000)

July 1914 .. ..	74	60	6	106	—	106	18	23
December 1914.	75	69	10	99	45	144	28	36
June 1915 .. ..	68	77	16	79	74	153	46	50
June 1916 .. ..	73	52	19	58	94	152	41	54
June 1917 .. ..	71	64	29	83	160	244	28	73
June 1918 .. ..	71	98	35	—	—	410	27	107
June 1919 .. ..	72	108	30	52	465	517	54	127
December 1919.	72	138	49	50	563	613	47	176



☪ The banks of issue have shown marked progress during the last five years. A glance at the table relating to them shows the pre-eminence of the Bank of Italy in its capacity of custodian of the State's funds over the two southern banks, and more especially was this the case during the period of the war, when the bank's activity in connection with Government finance surpassed that of its strictly banking business. By the side of the circulation for the benefit of commerce there reappeared a circulation on account of the State's liabilities in the war.

Besides carefully guarding this twofold circulation, as well as the reserves and cash balances, the management of the Bank undertook the issue of national loans, advances to the Treasury, and the placing of treasury bills; the supply of the exchanges and the supervision of the measures directed towards limiting their fluctuations, advances to holders of industrial shares, to Grain Commissions, to Committees of Food Supply, to banks and landed proprietors in the invaded provinces; the development of mining, manufacturing and maritime industries connected with the war or necessary to the resistance of the country; grants for public works, the development of the African colonies and other lesser tasks, in all of which they were informed by sound economic judgment and a high sense of political expediency. A programme both far-seeing and bold cannot fail to stimulate the forces of the country.

A great financier, the Hon. Ribot, when recording in the French Chamber the benefits conferred on the country by



the Banks of Issue during the war, exclaimed: "The Bank of France is the stronghold of the economic system and finance of the Republic." The Minister of the Treasury can, with equal pride, say the same to-day of the Bank of Italy and the Italian economic system.



STATISTICAL APPENDICES  
OF THE "CREDITO  
ITALIANO"





# THE BALANCE SHEET OF THE

## ASSETS

	1895	1919
Cash .. .. .	L. 2,568,427.20	L. 289,650,325.5
Bills receivable in Italy & foreign countries ..	» 13,691,555.60	» 2,097,792,189.5
Loans .. .. .	» 11,660,779.93	» 159,092,284.0
Current accounts .. .. .	» 17,657,358.72	» 1,202,225,524.5
Investments .. .. .	» 2,157,384.97	» 43,954,595.7
Participations .. .. .	» 556,140.80	» 14,917,102.5
Freehold bank premises .. .. .	» 968,741.67	» 12,500,000.0
Sundry debtors .. .. .	» 1,593,054.93	» 70,297,187.5
Furniture, fixtures, fittings .. .. .	» 107,003.15	—
Customer's liabilities against guarantees .. ..	—	» 81,513,367.0
	L. 50,960,446.97	L. 3,971,942,576.8
Clerks provident fund .. .. .	—	L. 6,049,053.9
Deposits of collateral .. .. .	L. 909,000.00	» 2,935,506.0
Securities accounts .. .. .	» 38,838,729.59	» 3,372,593,897.9
	L. 90,708,176.56	L. 7,353,521,034.6



# CREDITO ITALIANO" FOR 1895 & 1919

## LIABILITIES

	1895	1919
Capital .. .. .	L. 14,000,000.00	L.* 200,000,000.00
Reserve .. .. .	» 17,426.40	» ** 32,000,000.00
Deposit & savings accounts .. .. .	» 7,215,591.27	» 681,256,215.05
Current accounts .. .. .	» 25,008,561.82	» 2,585,490,385.40
Acceptances for account of customers .. ..	—	» 53,935,969.35
Cheques outstanding .. .. .	» 2,467,936.65	» 225,037,760.80
Sundry creditors .. .. .	» 1,208,695.23	» 72,211,568.00
Guarantees on account of customers .. ..	—	» 81,513,367.00
Rebate on bills receivable .. .. .	» 104,438.32	» 8,314,728.55
Nett profit .. .. .	» 937,797.28	» 32,182,582.65
	L. 50,960,446.97	L. 3,971,942,576.80
Clerks provident fund .. .. .	—	L. 6,049,053.90
Deposits of collateral .. .. .	L. 909,000.00	» 2,935,506.00
Securities accounts .. .. .	» 38,838,729.59	» 3,372,593,897.90
	L. 90,708,176.56	L. 7,353,521,034.60

\* In 1920 capital was increased to 300.000.000.

\*\* In 1920 reserve amounted to 65.000.000.



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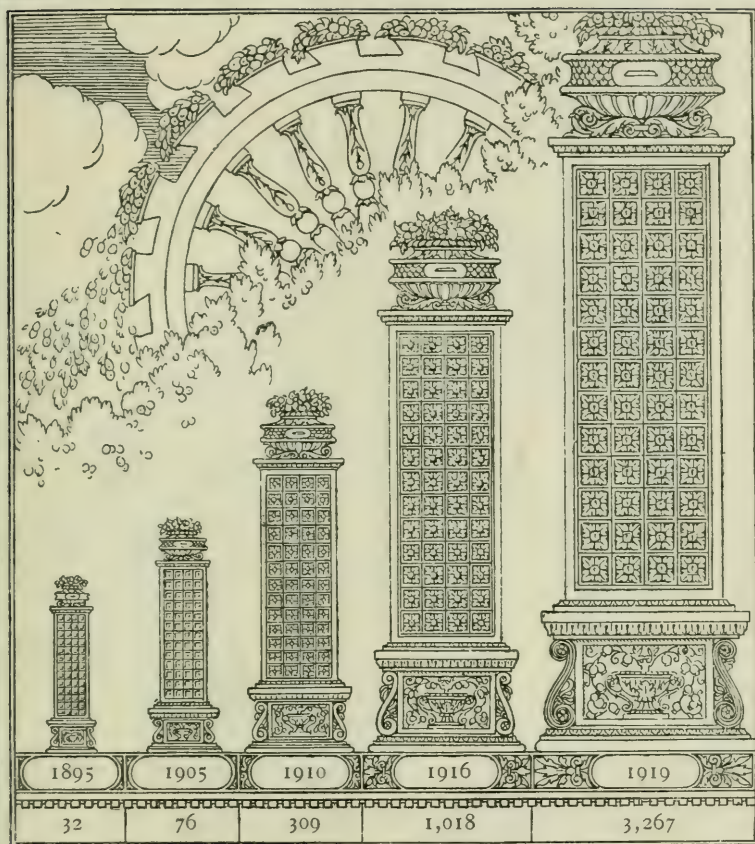
## GENERAL BUSINESS MOVEMENTS OF THE "CREDITO ITALIANO"

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1895	..	..	..	..	..	..	..	..	..	..	..	..	6	milliards
1900	..	..	..	..	..	..	..	..	..	..	..	..	8	»
1905	..	..	..	..	..	..	..	..	..	..	..	..	20	»
1910	..	..	..	..	..	..	..	..	..	..	..	..	31	»
1915	..	..	..	..	..	..	..	..	..	..	..	..	50	»
1916	..	..	..	..	..	..	..	..	..	..	..	..	74	»
1917	..	..	..	..	..	..	..	..	..	..	..	..	106	»
1918	..	..	..	..	..	..	..	..	..	..	..	..	141	»
1919	..	..	..	..	..	..	..	..	..	..	..	..	210	»

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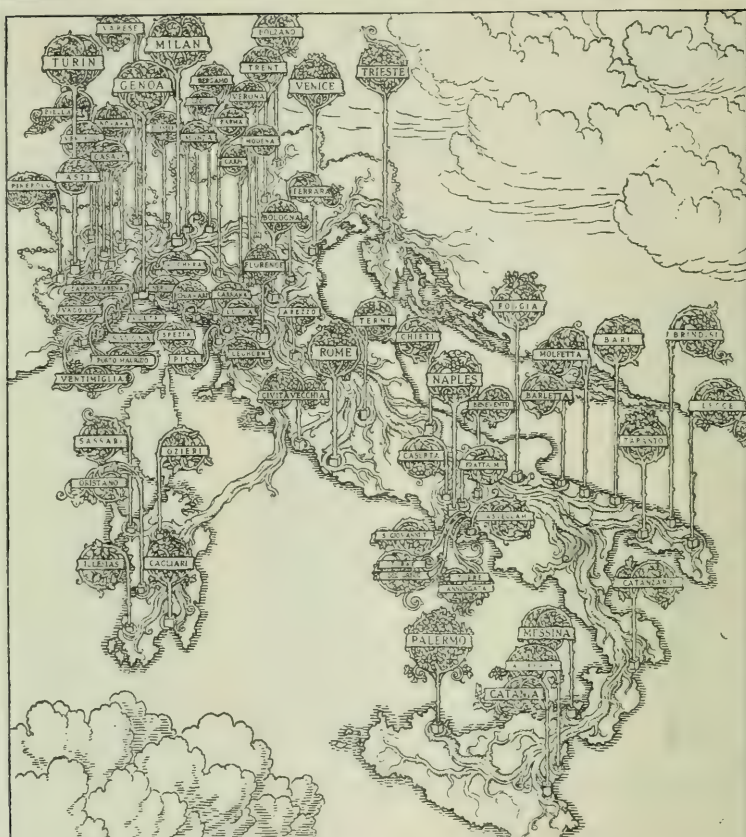




## Deposit and current accounts with the "Credito Italiano"

(In million lire)





Branch Offices of the "Credito  
Italiano" in Italy



# BRANCH OFFICES OF THE "CREDITO ITALIANO"

.  
IN ITALY  
.

- Piedmont .. .. . Asti, Biella, Casale Monferrato, No-  
vara, Pinerolo, Turin (with four town  
branches), Vercelli.
- Liguria .. .. . Chiavari, Genoa (with two town bran-  
ches), Nervi, Porto Maurizio, Sampier-  
darena, Savona, Spezia, Vado Ligure,  
Ventimiglia, Voltri.
- Lombardy .. .. . Bergamo, Como, Lecco, Milan (with  
nine town branches), Monza, Varese,  
Voghera.
- Venetia .. .. . Venice, Verona.
- Venezia Tridentina.. Bolzano, Trent.
- Venezia Giulia.. .. . Trieste.
- Emilia .. .. . Bologna, Carpi, Ferrara, Modena,  
Parma.
- Tuscany .. .. . Arezzo, Carrara, Florence (with two  
town branches), Leghorn, Lucca, Pisa.



- Umbria.. .. . Terni.
- Abruzzi .. .. . Chieti.
- Latium .. .. . Rome (seven town branches), Civita-  
vecchia.
- Campania.. .. . Benevento, Caserta, Castellammare di  
Stabia, Fratta Maggiore, Naples (six  
town branches), San Giovanni a Te-  
duccio, Torre Annunziata, Torre del  
Greco.
- Apulia .. .. . Bari (two town branches), Barletta,  
Brindisi, Foggia, Lecce, Molfetta, Ta-  
ranto (one town branch).
- Calabria .. .. . Catanzaro.
- Sicily .. .. . Acireale, Catania (one town branch),  
Messina, Palermo.
- Sardinia.. .. . Cagliari, Iglesias, Oristano, Ozieri, Sas-  
sari.

ABROAD

London, New York (Representative office).



INSURANCE COMPANIES AND  
THEIR PROGRESSIVE  
EVOLUTION









THE progress attained in every sphere of national economy, the improved social conditions of the people, the prevalence and extension of modern systems of production and traffic, intensified and demonstrated the necessity of protecting individuals

and economic undertakings against accident. Consequently the activities of insurance companies multiplied and were extended into vaster and more varied fields; life insurance, insurance against accidents and illness, against employers liabilities, damage by hail or fire, against burglary, illness and death of live stock, damage to goods in transit, navigation risks, etc.

The rapid increase in the amount of insured capital in Italy before the war, is shown in the following table. It is a proof of the importance already assumed by insurance companies and a sign of the considerable part they are bound to have in the normal development of the economic life of the country.



BRANCHES OF INSURANCE	INSURED CAPITAL	
	1903	1912
	In million lire	In million lire
Life (end of year) .. .. .	1,069	1,796
Fire (end of year) .. .. .	28,196	41,989
Transport (during year).. .. .	2,636	3,485
Hail (during year) .. .. .	309	571
Other branches (end of year) .. .. .	4,007	9,100

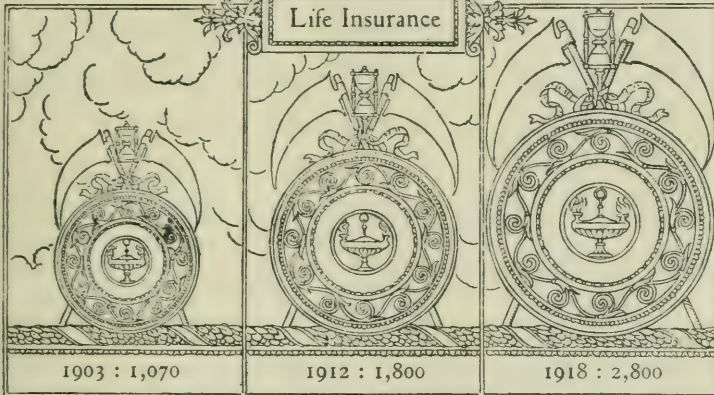
During the war the uncertainty of marine navigation rendered insurance against war risks at sea, both necessary and extremely costly, as it freed the individual of the hazard of maritime traffic, a matter of great urgency to Italian economy. By the end of September 1919 the Istituto Nazionale delle Assicurazioni had increased its insured capital to 38,917 millions.

Insurance Societies, like every other economic undertaking of the country, were hampered in their constitution and development by the lively competition of analagous foreign companies which, backed by enormous capital, long experience and a flourishing technical organization, had extended their activities into Italy.

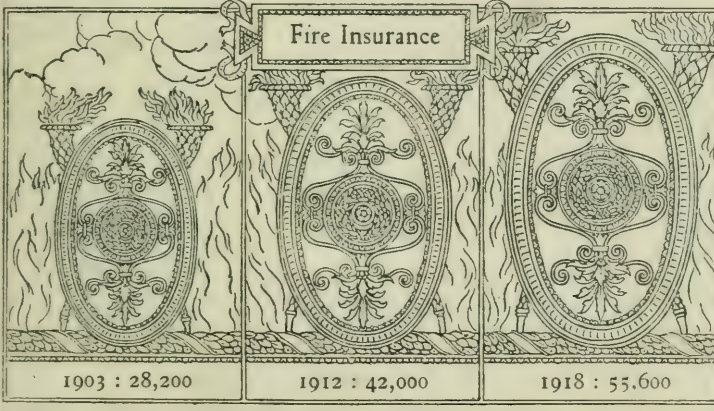
Nevertheless the national businesses succeeded in asserting themselves, distributing their energies among several branches and districts and continually increasing their economic influence. The result was a reduction in the proportion of foreign to home companies from hundred per cent in 1903 to seventy five per cent in 1912.



### Life Insurance



### Fire Insurance



## Increase in the activities of insurance companies

(Rise in the amounts of insured capital in million lire)



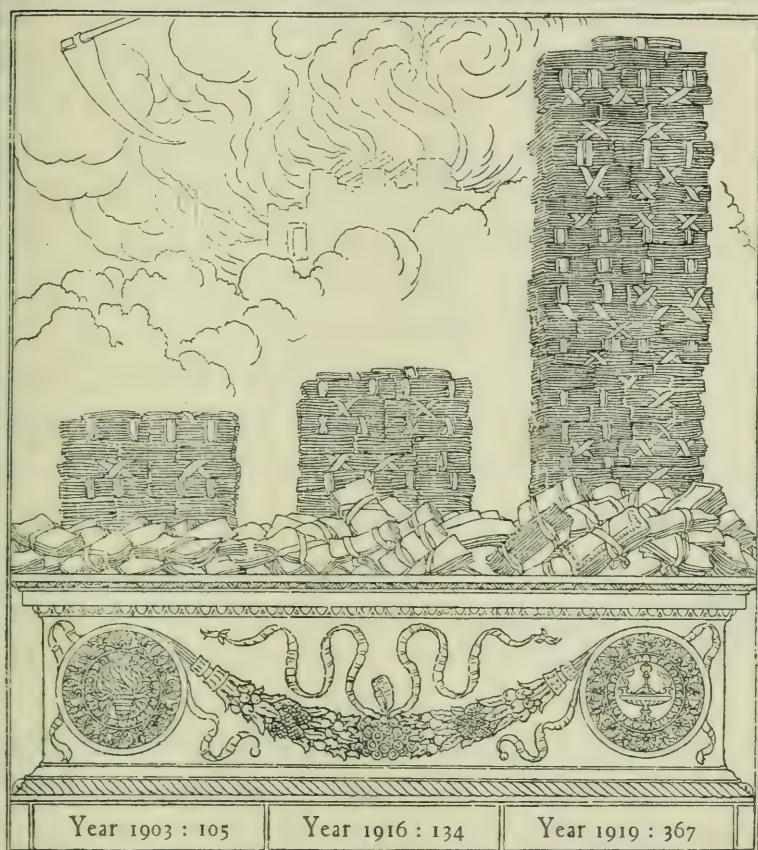
National capital quickly found its way into shareholding Insurance Companies. By the end of December 1903 there were 21 of these companies, with a nominal capital of 105 millions; by December 31<sup>st</sup> 1916 there were 42 with a capital of 134 million, and by the end of 1919 the number was 99 with a capital of 343 million.

☪ The situation of private Insurance Companies (shareholding, mutual or co-operative) in Italy in 1916, was as follows:

BRANCHES OF INSURANCE	No. of Cos.	Insurance premiums received in 1916	Compensation paid in 1916
		Thousand lire	Thousand lire
Life .. .. .	13	32,903	26,303
Accidents and employers liabilities .. .. .	41	49,682	35,674
Fire .. .. .	32	64,330	25,999
Hail .. .. .	20	34,593	24,933
Marine & transports .. .. .	29	97,796	56,342
Burglary .. .. .	12	1,700	565
Agriculture .. .. .	9	1,381	985
Breakage of windows glass & mirrors .. .. .	8	563	313
Total .. .. .	164	282,948	171,114

☪ Besides the business done by different private companies, a great deal of insurance in Italy within recent years, has been taken over by the Istituto Nazionale delle Assicurazioni founded by the State, and which began its activities on January 1<sup>st</sup> 1913. This grants every form of life insurance, and is conducted





## Private insurance companies

(Share capital in million lire)



on the lines of a monopoly except that private insurance companies legally entitled to do business within the kingdom on December 31<sup>st</sup> 1911, were authorized to continue to do so until December 31<sup>st</sup> 1922. At the beginning of the war the Institution was authorized to insure against war risks at sea, in 1917 to re-issue insurances against ordinary navigation risks, and in 1918 to insure against every kind of risk.

At the beginning of the Institution's activities, the insured capital amounted to 800 millions which it had taken over from the various companies whose business it had absorbed. This capital increased rapidly, and had reached 1,965 million by the end of 1918. The insured capital in the case of navigation risk amounted to 8,361 millions on September 30<sup>th</sup> 1919. Insurance against war risks at sea contributed considerably towards the continuance of maritime traffic, 38,917 million lire of capital having been insured by the end of September 1919. The sums raised by this special form of insurance amounted to 510 million lire on December 31<sup>st</sup> 1918.

The Istituto Nazionale has effectively contributed to the insurance of combatants instituted at the expense of the State during the war, and helped to raise considerable sums for the State Loans by the issue of special policies connected with subscription to them.

It continues to maintain its position as a powerful institution and besides possessing a monopoly of life insurance in Italy, there is every possibility of its undertaking every kind of risk insured against by Italian and foreign companies.



**U** Victory has enlarged the group of Italian Insurance Companies by the addition of two powerful and vigorous companies from the liberated provinces, the "Assicurazioni Generali", and the "Riunione Adriatica di Sicurtà" of Trieste. Founded during the first half of last century, these two societies have succeeded in increasing their activities in every branch of insurance, extending their operations by establishing representative and dependent companies in many countries of Europe, Roumania, Turkey, Hungary, Austria, Bohemia, Spain, and France.

Before the war they had established connections in Italy and absorbed more than fifty per cent of the insurance premiums at that time received by foreign companies. The following table gives the present situation of the two companies:

	Assicurazioni Generali	Riunione Adriatica di Sicurtà
	Million lire	Million lire
Social capital .. .. .	13.2	10.5
Guarantee funds.. .. .	505	200
Capital in force for life insurance .. ..	1,500	586
Compensation paid since the foundation for all branches .. .. .	1,300	1,000
Annual receipt of premiums .. .. .	200	100

Their operations will considerably reinforce the body of Italian Insurance Companies, so well adapted to the needs of the economic life of the Nation, and will help to extend the activities of Italian Companies abroad, especially in Central Europe, the Balkan States and the Levant.







INTERNATIONAL PAYMENTS  
AND THE RATE OF  
EXCHANGE









THE period between 1889 and 1894 was one of economic depression, and naturally reacted unfavourably on the rate of exchange between Italy and foreign countries. In 1893 and 1894, when Italy was going through the worst of the crisis, the exchange was respectively 115.95 and 115.70 lire to the 100 francs. This was, however, the end of the depression and at the same time marked the beginning of an improvement which the robust and energetic constitution of the young nation had every reason to expect. The depreciation of the exchange and the situation of the paper circulation led to active intervention and salutary measures.

1894 is marked as the year of the restoration of the finance of Italy, and may also be considered as the year of financial recovery and economic awakening. Men of proved wisdom and prudence in the Government effected rigid economy in the State expenditure and enforced upon the citizens a strict



system of taxation, circulation was restricted and the excessive number of banks of issue reduced, which had induced useless competition.

Meanwhile the country saved and produced more. The actual number of imports did not diminish, though a reduction was effected in the importation of manufactured articles to make way for the increasing purchase from abroad of necessary raw material for industries resuming operations and which were afterwards to become sources of exportation.

☪ The recovery was slow at first. It came gradually but surely. And as the situation improved, the rate of exchange ceased to be constantly above par, and merely oscillated about par. At the beginning of the 20<sup>th</sup> century the disappearance of the premium on foreign currencies could be practically considered a completed fact, though it is true fluctuation continued throughout 1902. This, however, need not be taken as denoting a condition of want of equilibrium. The changes in the rate were now the consequence of a phenomenon which accompanied the economic revival of the country, and was of the greatest advantage to it - the repurchase by Italians of Government loan bonds and other Italian securities which took place on a large scale at that time. This repurchase of Italian stock, rich in promise for the future, weighed heavily on the balance of the international payments of Italy, keeping the exchange in an abnormal state which the commercial exchanges with foreign countries and internal economic conditions no longer rendered necessary.





## Progressive repurchase of Italian Government stock

(Nett payments of interest abroad on the Public Debt effected by the Italian Treasury)



The quantity of Italian bonds on foreign markets having been enormously reduced and the re-absorption of these bonds by the country having greatly fallen off, the exchange value of the lira rose rapidly, reaching in 1903 a complete condition of parity.

From that moment Italy, thanks to the ability and enterprise of her industries, the patient and splendid power of work of her emigrants, and the growing influx of foreigners, was transformed from a debtor to a creditor nation. At the same time, from being an isolated money market, she became closely associated with the great international markets of the world. The wise policy of the directors of the greatest Italian Bank of Issue, the Bank of Italy, was especially responsible for bringing about and maintaining this favourable situation. By the enlightened action of Bonaldo Stringher, the Bank of Italy practically assumed control of the national market and of monetary transactions with foreign countries, exercising its functions with rare acumen.

In 1904 the war in the Far East disturbed the international market and Italy was not unaffected. The exchange deteriorated, for a short time exceeding the rate of 101.50 per 100 francs. Though but a transitory state of things, and one that in no way affected the general economic situation of the country, it confirmed, as it were, the international value of the Italian money market by showing it to be susceptible to an event that was disturbing the markets of the world.



In 1907 the North American crisis had little effect on the Italian exchange. On the other hand it brought about a tension in the price of money. This was to be expected and was the case in the other great markets of Europe. This tension, however, passed rapidly and did not prevent the Italian Banks of Issue from acquiring fresh and considerable quantities of bullion for which there was at that time a lively competition among the larger countries.

The rate of exchange continued to oscillate within normal limits until 1911 when the Libyan war changed conditions, and at one time quotations exceeded one and half per cent. Rapid and energetic action on the part of the Treasury and the Bank of Italy succeeded in that emergency in skilfully opposing speculation and preventing the exchanges from exceeding the limits justified by the general situation.

Yet in consequence of the continuance of unfavourable political conditions, the rate of exchange did not return to par until the end of 1913. It remained there during the month preceding the outbreak of war.

On the whole, then, with the exception of a brief period of depreciation due to purely extrinsic causes and in no wise compromising the internal soundness of the national organism, the rate of exchange during the last 12 years of normal economic life in Italy, remained within moderate limits, reflecting a balance of foreign payments in a condition of almost complete equilibrium.

The above facts must at first sight impress whoever super-



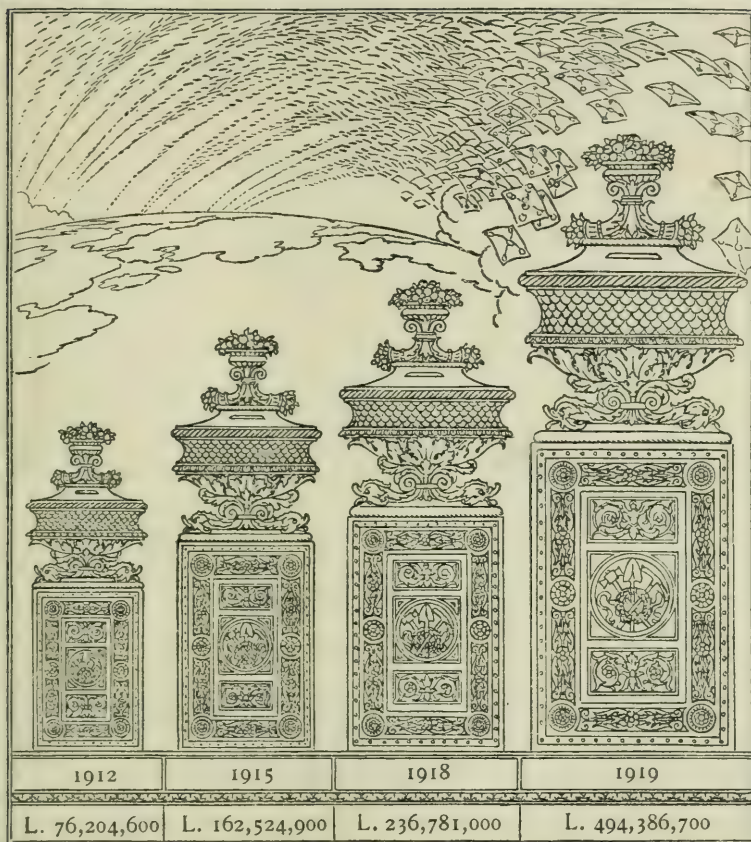
ficially compares these fluctuations in the exchange with the figures of the foreign trade balance during the corresponding period. This shows an excess of imports over exports, giving an average of 350 million during the first years, from 1900 to 1904, which rises rapidly to over a milliard in 1907, and to its highest figure of 1,289,426,000 in 1912.

☪ The following is a comparative table of the maximum and minimum rates of exchange on Paris for the period between 1900 and 1913 with the figures showing the excess of imported over exported goods (including precious metals) during the same years.

YEAR	RATES OF EXCHANGE ON PARIS		Excess of imports over exports (including precious metals) (in thousand lire)
	Minimum	Maximum	
1900	105.40	107.32	352,680
1901	101.40	105.97	339,420
1902	98.99	102.70	304,551
1903	99.05	100.27	470,600
1904	99.88	101.66	339,772
1905	99.75	100.10	471,776
1906	99.75	100.12	741,835
1907	99.65	100.24	1,094,134
1908	99.21	100.20	1,191,051
1909	100.13	100.64	1,208,754
1910	100.21	100.66	1,148,948
1911	100.25	101.10	1,171,829
1912	100.48	101.54	1,289,426
1913	100.30	102.90	1,074,728

☪ The disparity between imports and exports which might appear remarkable in a country like Italy which has no large capital invested abroad and no considerable carrying trade, is





## The remittances of emigrants

(The figures refer only to the remittances effected through  
the Bank of Naples)

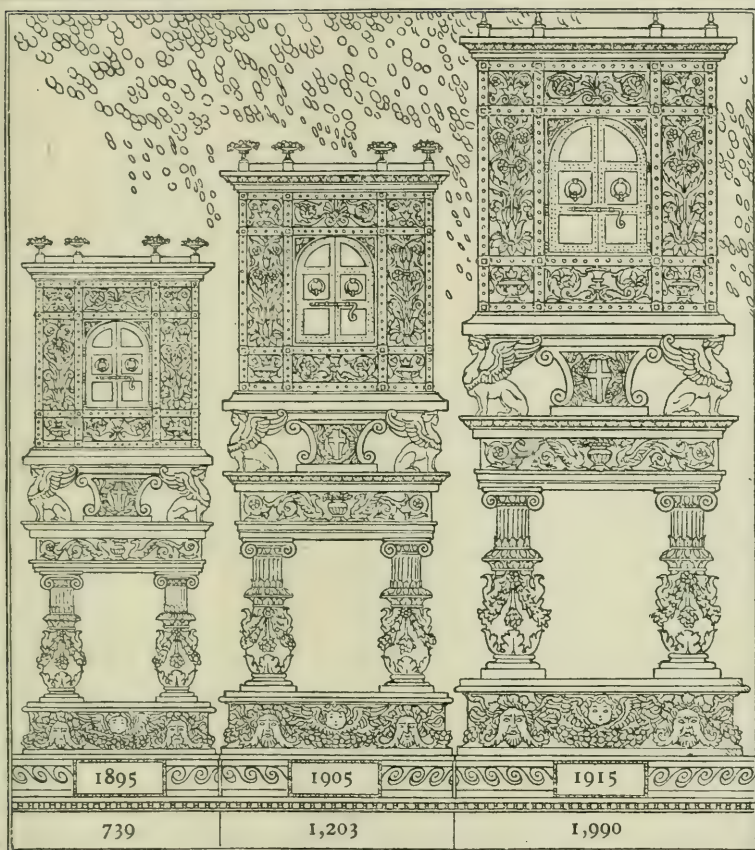


easily and almost entirely compensated by two sources of foreign credit, especially characteristic; the remittances in money of the great mass of workers despatched by Italy to all parts of the world, and the sums expended in Italy by the foreigners who come to admire her works of art and enjoy the beauty of her climate and scenery.

These are two important sources of revenue which in good years bring in over 1,200 million lire. This, with other and minor sums, such as freight charges, and the interest on foreign capital, not only helped to adjust the balance of trade, but enabled the Treasury and the Banks of Issue to strengthen their gold reserves considerably (over 770 million were added between 1904 and 1910 alone) and Italian capitalists to invest large sums in State securities and foreign industrial shares. The above is a summary of Italy's commercial relations with foreign countries, and the situation on the eve of the great war.

¶ The preparation for war, Italy's participation in the conflict and her continued efforts towards victory, combined to bring about a complete change in the economic life of the country. The conditions in home markets and of the international accounts became so abnormal that any comparison with former years is impossible. A war involving such enormous masses of troops, such vast and costly material, to say nothing of unprecedented heroism and sacrifice, forced all Governments to an unlimited issue of paper money and necessitated enormous importation at soaring prices: mobilization for the sea and





## The metal reserves of the treasury and the banks of issue

(In million lire gold)



land forces and for war industries thinned the ranks of agriculture and industry which in normal times constituted the principal sources of exportation.

In the case of Italy one of her especial sources of wealth was completely cut off; the influx of foreigners ceased. Also the remittances of emigrants, which had been increased at first by the sums brought home by returned Italian reservists, afterwards diminished through the suspension of emigration.

☪ The influence of this economic upsetting in the exchange, was not apparent during the war. Then the excess of imports over exports, which in 1918 was 13,443 million lire, was more or less balanced by the loans accorded to Italy on a vast scale first by Great Britain and afterwards by America, and the rate of exchange, especially between Italy and her Allies, kept within reasonable limits. This state of things was maintained in spite of the psychological factor, not always favourable to Italy during the war, and of the negative action of speculation energetically opposed and checked by the drastic and decisive measures of the Treasury and Bank of Italy, a measure that included monopoly of the exchange and the foundation of the National Institution for Exchanges.

☪ The advent of peace by relaxing the economic solidarity of the Allies and putting an end to international control, had a damaging effect on Italy's financial relations with other countries. This condition still prevails. A comparison between the present and pre-war rates of exchange is undoubtedly disturb-





## Balance sheet of Italy's foreign payments

(In 1913, the last normal year)

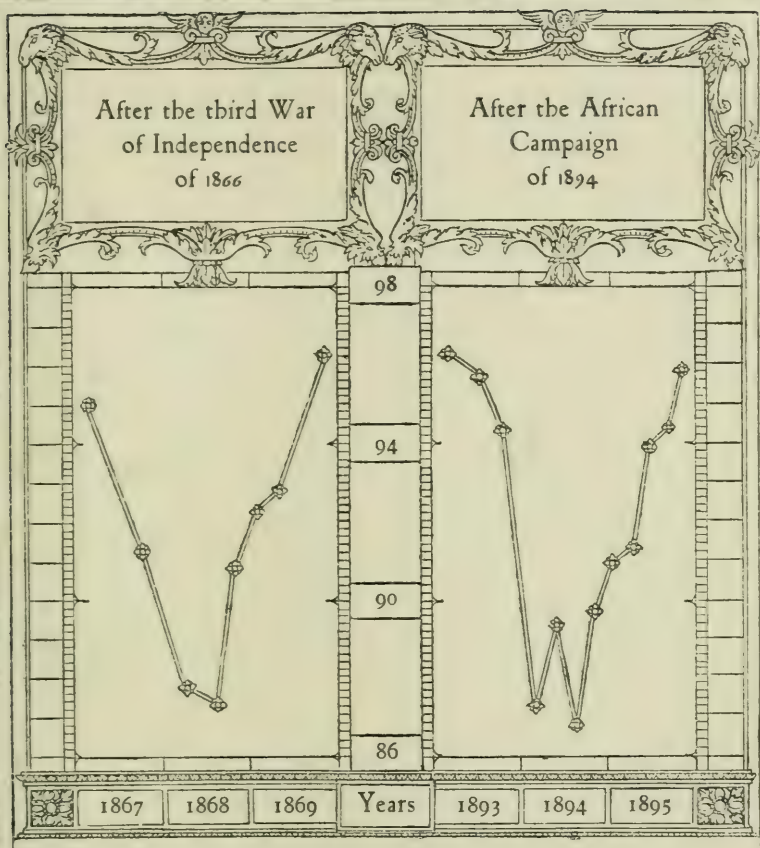


# BALANCE SHEET OF ITALY'S FOREIGN PAYMENTS IN ITS CONSTITUENT ELEMENTS \*

Debit			Credit		
	Million lire	Percen- tage		Million lire	Percen- tage
Imported goods .. .. .	3,546	94.5	Exported goods .. .. .	2,512	65
Payment of interest and divi- dends on foreign capital inves- ted in Italy .. .. .	150	4	Emigrants remittances.. ..	500	13.2
Exportation of capital to be in- vested abroad .. .. .	50	1.5	Sums spent by foreigners in Italy .. .. .	450	12
			Post Office accounts .. ..	200	5.5
			Interest on Italian capital inves- ted abroad .. .. .	70	1.8
			Freights (for export of Italian goods and transport) St. Peter's pence and other sources of re- venue .. .. .	120	2.5
<b>Life</b>	<b>3,846</b>	<b>100.—</b>	<b>Life</b>	<b>3,852</b>	<b>100.—</b>

\* For 1913.





## The recovery of the exchange after its most violent crises

(Rate of the lira on the Bourse of Paris)



ing but at the same time it should be borne in mind that a profound and radical revolution is taking place in the economic situation of the whole world. There is no cause for depression when one takes into consideration the immense amount of constructive energy which confronts the want of equilibrium, undoubtedly transitory, of the international balance of payments.

Italy has brilliantly overcome former periods of stress and depression, periods which were far more serious in reality than the economic statistics would lead us to believe, not only in themselves, but especially in comparison with the conditions prevailing in other countries.

In those days, Italy still young and feeble, found herself threatened by the overwhelming economic strength of other nations as much as by her own internal difficulties. Now she is strong in a creative energy developed by the war though formerly ignored or neglected, rich in workers and possessing an economic and political organization still intact.

Surrounded by countries whose economic resources are weakened or destroyed, she constitutes a powerful and reconstructive factor of the greatest importance to the world's economic system. She cannot fail to find in the growing exportation of the products of her numerous and flourishing industries, or the resumption of the tide of emigration, decisive elements for the balancing of her accounts with foreign countries.



THE BUDGET AND  
THE PUBLIC  
FINANCE









THE history of Italian finance during the last quarter of a century shows a gradual expansion and vigour that continued till the outbreak of war. The full significance of this quality is only properly realized when considered in relation to its former history which emphasizes and explains it.

1893-1894 marks a turning point in the history of Italian finance. The prevailing characteristics of the years before and after that date are summed up in the following table which should be studied with special attention in spite of the dryness of the figures.

The intention being to give a clear and concise statement of the vicissitudes of Italian finance, only the actual revenue and expenditure is given, both ordinary and extraordinary, and no account is taken of revenue accruing from debts and invested capital.



# EFFECTIVE REVENUE & EXPENDITURE

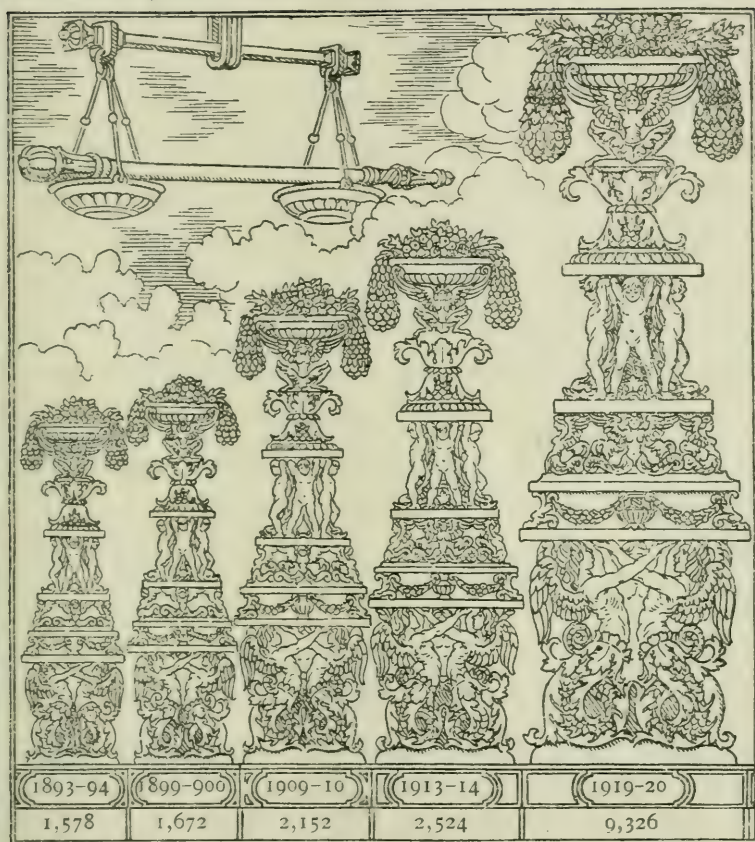
(In million lire)

YEAR		Revenue	Expenditure	Surplus (+) and Deficit (-)
1862	First budget after the union ..	480.26	926.72	- 446.46
1866	War with Austria .. .. .	617.13	1,338.58	- 721.45
1876	Fall of the Conservative (Right) Party from power .. .. .	1,123.33	1,102.63	+ 20.70
1881	Abolition of the tax on flour ..	1,278.02	1,224.76	+ 53.26
1888-89	Crispi Cabinet. Increase in Mi- litary expenditure .. .. .	1,500.84	1,736.21	- 235.37
1893-94	Economic and banking crisis. Baron Sonnino's new taxes	1,517.12	1,616.55	- 99.43
1906-907	Maximum surplus. Conversion of loan from 4 to 3.5 .. ..	1,954.56	1,856.31	+ 98.25
1913-914	Last year of peace in Europe. Libyan War .. .. .	2,523.75	2,687.66	- 163.91
1914-915	European War .. .. .	2,559.96	5,395.40	- 2,835.44
1915-916	European War .. .. .	3,733.73	10,625.24	- 6,891.51
1916-917	European War .. .. .	5,345.04	17,595.26	- 12,250.22
1917-918	European War .. .. .	7,496.18	25,339.49	- 17,843.31
1918-919	European War .. .. .	9,498.39	32,599.50	- 23,101.11

Judged only by the standard of the last 25 years, the history of Italian finance might give a general impression of uninter-  
rupted growth, but an investigation of the subject from its  
origin will show that it may be divided into periods, each of  
which will be taken separately.

☪ The period from 1862 to 1876 may be called the heroic age of Italian finance. Quintino Sella, whose statue stands at the entrance doorway to the Ministry of Finance in Rome, applied





## The contributive power of the people of Italy

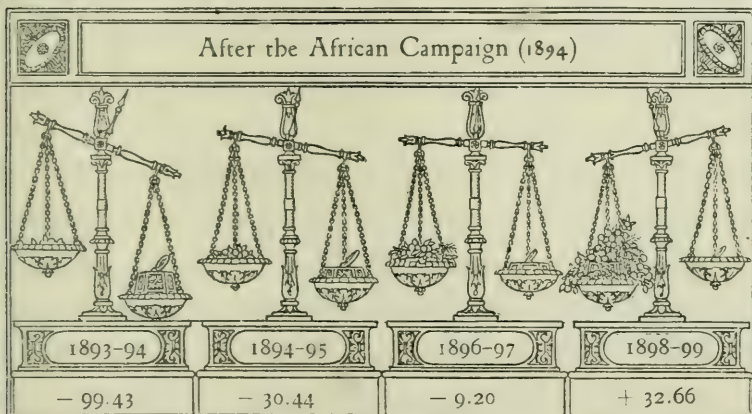
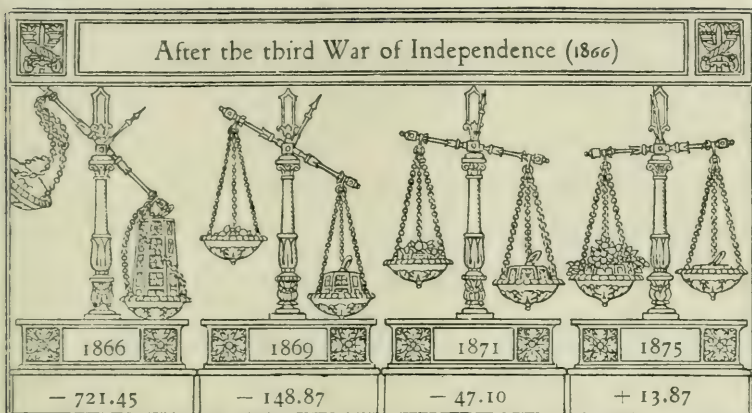
(Increase in the State receipts in million lire)



himself courageously to the gigantic task of transforming into a situation of perfect stability a deficit that, during the first years of union, was often more than half a milliard and had touched 721 million lire in 1866. By means of heavy taxes, willingly paid, the reconstruction of the national finance was accomplished by 1876, in which year the old Right Party, the generation of men who had made Italy a nation by inspiring her with the ideals of liberty, fell from power.

1876 to 1889 marked a period of economic prosperity, of commercial expansion and colonial enterprise. The first expedition to Erythraea took place during these years, alliances were formed with the Central European Powers, the Crispi Cabinet was in power. Inland railway construction was undertaken, the tax on flour and the irredeemable paper currency abolished. But as no new taxation was imposed to meet the growing expenditure of the country there was again a deficit which in 1888-89 reached 235 million lire. A period of economic and political crisis followed which culminated in 1893-94. All over the world prices were lower in 1894 than for 50 years. In Italy it was a year of acute depression, of failures of banks and businesses in Rome and Turin, especially of such as were connected with building. The breaking of trade relations with France deprived the vineyards of Southern Italy of their most reliable and remunerative outlet. In spite of the abolition of the forced currency of paper money and the resumption of the encashment at sight of bank notes in gold, the exchange once more began to rise and the forced currency had practically to be reestablished.





## The reduction in the budget deficit

(Figures of the effective expenditure and revenue  
in million lire)



Nevertheless 1894 was the year of the salvation of Italian finance. Several State Departments applied themselves to the task of reducing the public expenditure, and one of these, which numbered Di Rudinì and Luzzatti among its members, was known as the "Company of Misers". Credit is due to Baron Sonnino for proposing and gaining approval for the levying of new taxes, among which should be mentioned the increase from 13.20 to twenty per cent on the tax levied on income derived from Government loan stock. This tax, instead of ruining the credit of the country as at first sight seemed probable, raised it, as the creditors of the State persuaded themselves that the State would henceforth be able to meet its own liabilities. Italian finance was thus at length re-established on a firm foundation, though still liable to violent fluctuations. Once again there set in a period of surpluses till in 1906-07 when the effective receipts exceeded expenses by 98 millions, and the investments of capital were practically equal to the new debts. Majorana, the Minister of the Treasury at the beginning of his term of office was able to negotiate, with the help of his colleagues Stringher and Luzzatti, the reporter to the Chamber of Deputies, and to complete the conversion of 8 milliards of consolidated stock at four per cent into a new loan of three seventy-five per cent stock to be automatically reduced after five years to three fifty per cent. That was the brightest moment in the financial history of Italy.

From that time onwards the revenue continued to increase, but the expenditure increased even more rapidly without being able to say that any great economic or administrative



reform had been introduced between the financial years of  
1906-1907 and 1913-1914.

It was during these years that Europe was secretly and almost unconsciously preparing for the great conflagration of 1914. War broke out in Libya, but it left no visible mark on the budget since the expenses of the campaign were debited to special accounts. At the time of the outbreak of the great war, Italian finances were firmly established; expenditure was increasing, but only small effort was required to confine it within the limits of the receipts. No great reform of taxation had been attempted after the scaffolding of the existing taxes had been erected in the years following 1862. There still remained, however, a wide margin of potential increase in their productiveness.

☛ The war annihilated peace estimates. Expenditure grew apace; from 2,687 million it rose by leaps and bounds to 5,395 million in 1914-15, after barely five weeks of warfare, increasing rapidly afterwards to 10,695, 17,595, 25,339 and 32,599 million lire. Quintino Sella, the great founder of Italian finance, could he have risen from his tomb, would have regarded with horror an expenditure 30 times greater than he had had to cope with, but even greater would have been his amazement at seeing the effective income in a single year as 9,498 million, a figure nine times as high as his most brilliant achievements and equal to two thirds of the sum that, before the war, was held to be, as has been said above, the entire annual income of the State.



Likewise the debts of the past seem small to-day in comparison with the new debt created through the great war. The fluctuations in the Italian Public Debt may be summed up under three headings.

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National Debt taken over from the ex-States of Italy and re-arranged and recognised by law on 19th July and 4th August 1861 .. .. .				million lire	3,103.1
National Debt from 1861 to August 1st 1914 .. ..				»	» 12,615.-
National Debt from 1st August 1914 to October 31st 1919 .. .. .				»	» 68,261.6
Total National Debt of Italy on October 31st 1919				million lire	83,979.7

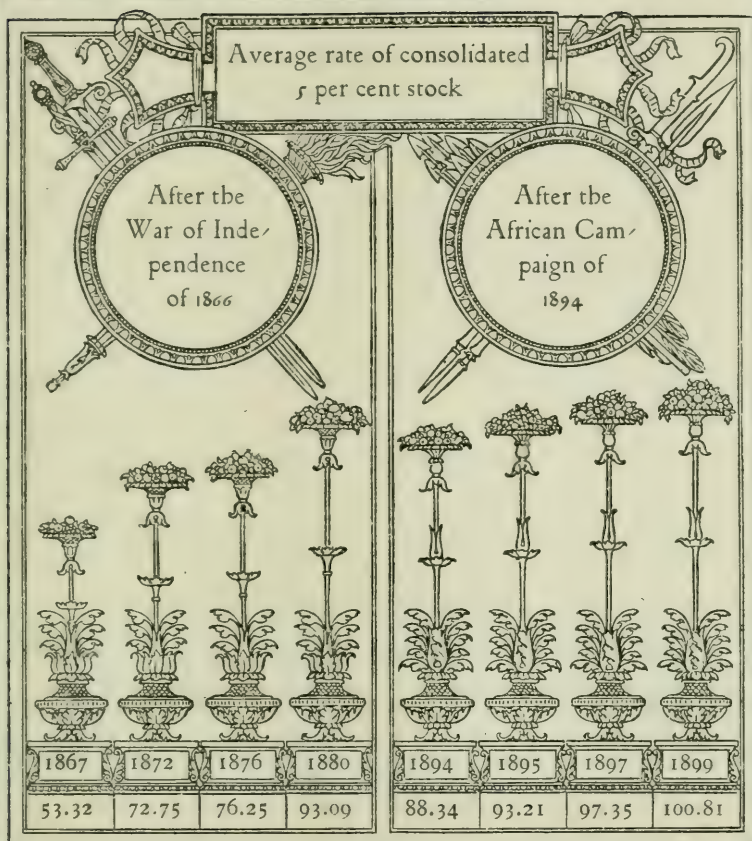
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The first 3,103 million lire were taken over from the old States of Italy, whose union gave birth to the Italian nation. They represent the centuries of political and financial life of a number of little states and to the early financiers of newly unified Italy they were a heavy burden. They melt into insignificance, however, before the debt of 12,615 millions contracted since the unification of Italy and the great war. This was the result of the yearly deficit and of expenditure on public works (railways, ports, etc.), during those 50 years. Briefly stated, Italy purchased union with 3,103 million of national debt; with 12,615 million she paid for her political consolidation and her economic and administrative organization (the construction of a railway system, of high roads, of a capital, etc.). It cannot be called too high a price for the great political, economic, and spiritual benefits she possesses as a great independent nation newly born to individuality, freedom, and progress.





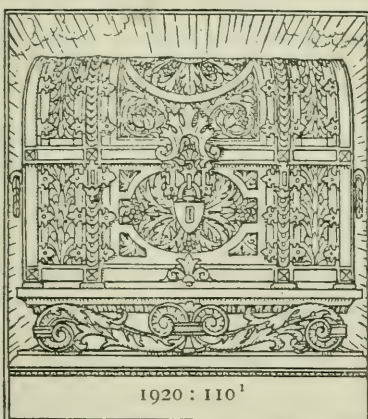
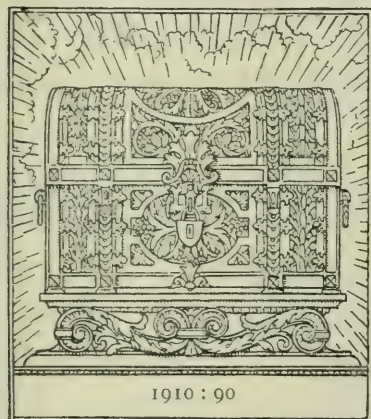
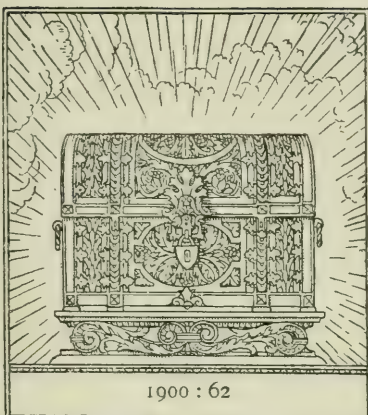
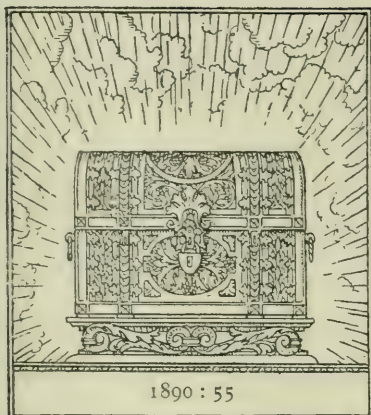
Intense power of reconstruction dis-  
played by Italian economics



The last item of 68,262 million far surpasses the others, and is still only provisional and incomplete. Nor is it likely that the balance between revenue and expenditure will be quickly re-established, so that it is no exaggeration to presume that as soon as the expenses of the war are finally liquidated the total national debt of Italy will exceed rather than fall below a hundred milliard lire, of which in round figures, 3 milliard represent the old debt, 12 milliard debts due to the reconstruction of the nation and 85 war expenses.

¶ In estimating the importance of the present debt of 84,000 or 100,000 million and of the ordinary annual expenditure of 10,000 million compared with the former debt of 15,000 million and annual expenditure of 2,500 million, Italy finds herself in the same situation as all the belligerent Powers, whether conquerors or conquered, the monetary unit being no longer of the same value as it used to be. In Italy, and to a lesser degree in France and Great Britain, and in Germany where conditions are much worse, the unit has depreciated in value and is only worth a fraction of what it once represented. A debt of 100 milliards in 1920 is equivalent to a debt of 25 milliard before the war. From this point of view the national debt would have almost doubled itself in substance between August 1st 1914 and the present day, and the burden it imposes on the economic life of the nation would be considerably less than it appears at first sight when regarded solely with reference to the amount of the debt as stated in figures. There have been in Italy persons who, recollecting that the





## The wealth of Italy

(In milliard lire gold)

<sup>1</sup> Neither the depreciation of paper money as compared with gold nor that of gold in comparison with goods, is taken into account.



private wealth of the nation before the war was estimated at about 100 milliard lire, and seeing the national debt rapidly approaching the same figure, hastily concluded that the national debt had swallowed up the wealth of the country and that land, houses, and factories were burdened with colossal mortgages in favour of the public creditors, to the amount of their entire value. This conclusion was manifestly erroneous, since if the national debt had increased from 15 to 100 milliards, the national wealth had increased also, as its value in the depreciated lira ought to be estimated at a figure considerably in excess of the past one of 100 milliards, though not capable of precise statement.

There is no doubt that the depreciation of the lira has a serious and varying effect on the Budget. Plans for the future are already before Parliament.

The Budget forecast for 1920-21 estimates the effective ordinary expenditure as equal to about 11,500 million, extraordinary expenditure at 13,200 million. This last sum consists mainly of the expenses which the Treasury has to meet on account of the provision of cereals which are still supplied to the consumer at less than the purchase price, and of the expenditure on the reconstruction of the liberated territories. These expenses are of a transitory nature, and directly due to the effect of the war on the economic situation; their gradual abolition is therefore necessary.

¶ Against the ordinary effective expenditure, what is the corresponding revenue that can be relied upon? On the basis of



the last financial statement of the Minister of the Treasury, the following are the conclusions arrived at: the taxes at present existing (not counting these bound to disappear with the return of normal conditions and those which, though voted have not yet been imposed) are likely to bring in over 9,000 million. This calculation is based on the Budget forecasts for 1920-1921, which are always very cautious and below the actual figures. To balance the Budget, 2,500 millions would still be required.

☛ On November 24<sup>th</sup> 1919 the Italian Government promulgated a series of provisions regarding taxation which may be said to rank in importance with the British income tax introduced by Sir Robert Peel in 1842, the reform of direct taxation imposed in Prussia by von Miquel and the sixteenth amendment to the North America constitution and subsequent introduction of the income tax into the United States. The Italian system of income tax nevertheless had its merits. Already three important taxes were levied on income: on income derived from land, the oldest of all and a legacy of the old States of Italy; re-organized by law in March 1886 it was aimed at the returns yielded by agricultural land; a tax on income derived from buildings, and imposed in 1865; a tax on incomes derived from personal property, the vastest and most comprehensive of all and affecting incomes not included under the two former headings. This tax on personal wealth was divided into three categories; income from returns on capital only (interest on loans); income from the product of capital and labour (industry and commerce); and



incomes from labour only (profession, employment, labour). This tax, instituted in 1864, from that time onwards, embodied the principle of discrimination so long a matter of discussion in Great Britain in the celebrated Inquest of 1851-52 and 1861. It was only imposed in Great Britain, and then very imperfectly, a third of a century after it had been in force in Italy. These three forms of income tax, however, the three ancient pillars of the Italian system of taxation, suffered from old age. The bases on which incomes were estimated were antiquated and unequal, there was no co-ordination between them. Too much attention was paid to the actual nature of the income, and not enough to the particular circumstances of the taxpayer; the rates of taxation were proportional and not progressive. The *comunes* and provinces had the right of imposing a further tax only on receipts from land and buildings and not on incomes from personal property. Varying and damaging exemptions were introduced according to no uniform standard; the methods of financial investigation were almost inefficacious.

Taxation increased during the war, and new taxes were imposed. It may be stated that Italy was the first nation, after Great Britain and the United States, courageously to adopt a policy of increased taxation by which the tax-payer, if he did not contribute effectively towards the cost of the war, at least bore the burden of the interest on the debts incurred through the war. The increased or new taxes, however, still partook of the character of the old in that they were unequal and imperfect.



☪ The decree of November 24<sup>th</sup> 1919 is a land-mark in the history of Italian finance. In virtue of this law it may be said that all the old taxation as well as the new war taxes on income have been abolished, and their places taken by a new system arranged as follows:

1) At the foundation a "normal tax on income" corresponding to the British income tax which falls upon incomes at the rate of eighteen per cent on incomes derived from capital, fifteen per cent on incomes from capital and labour, twelve per cent on incomes from labour alone, and nine per cent on incomes of servants of the State. Exemptions are granted to the extent of 1,200 lire and abatements up to 2,000. This is a pre-eminently effective tax and proportional as well, and determined solely according to the nature of the income.

2) Over and above this a "supplementary general tax on income", similar to the British supertax which is levied on the total income of the contributor after deduction of the normal tax, and of outstanding loans and charges of every description, including life insurance premium, with rates which vary from one per cent on incomes of 1,500 to twenty five per cent on taxable incomes of 2,500,000 lire. The taxable income is decreased by deductions for family charges etc., but not by less than 600 lire or more than 1,500 lire per person.

3) A "tax on capital" at the rate of five per cent on 20,000 lire and twenty five per cent on 100 million and more.

A later decree of April 1920 has modified this last tax, raising the taxable minimum from 20,000 to 50,000 lire and making



the rates more progressive so that they now run from four and fifty per cent to fifty per cent.

¶ It is not easy to foretell what the returns will be from this system of income tax. The Treasury is cautious on the subject and for 1920-21 gives 100 million lire as the minimum figure for the tax on capital, and nothing at all for the two others which will only come into force on January 1<sup>st</sup> 1921. A great deal will depend on the regulations adopted for ascertaining agrarian rents and incomes from personal property. If these are severe and just there is no doubt that the normal tax will be able to give a total amount double the 1,000 million lire at present furnished by the different taxes on income which will cease at the end of 1920, and that the supertax and capital tax will amount to 500 million lire. An equal sum may be raised by the tax already imposed on wine once the initial difficulties are overcome. The greater part of the actual deficit may be said to be covered by the taxes already voted. As regards the balance confidence may be safely placed in the natural increase in the yield of the receipts.

¶ The finances of Italy have emerged victorious from other and very different difficulties during the troubled period between 1861 and 1870. No actual obstacle stands in the way of the balancing of the Budget of the State. It is merely a question of good will, perseverance and equal distribution of the burden of taxation.



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## SECOND PART







# THE CITIES OF ITALY











Rome: The Capital



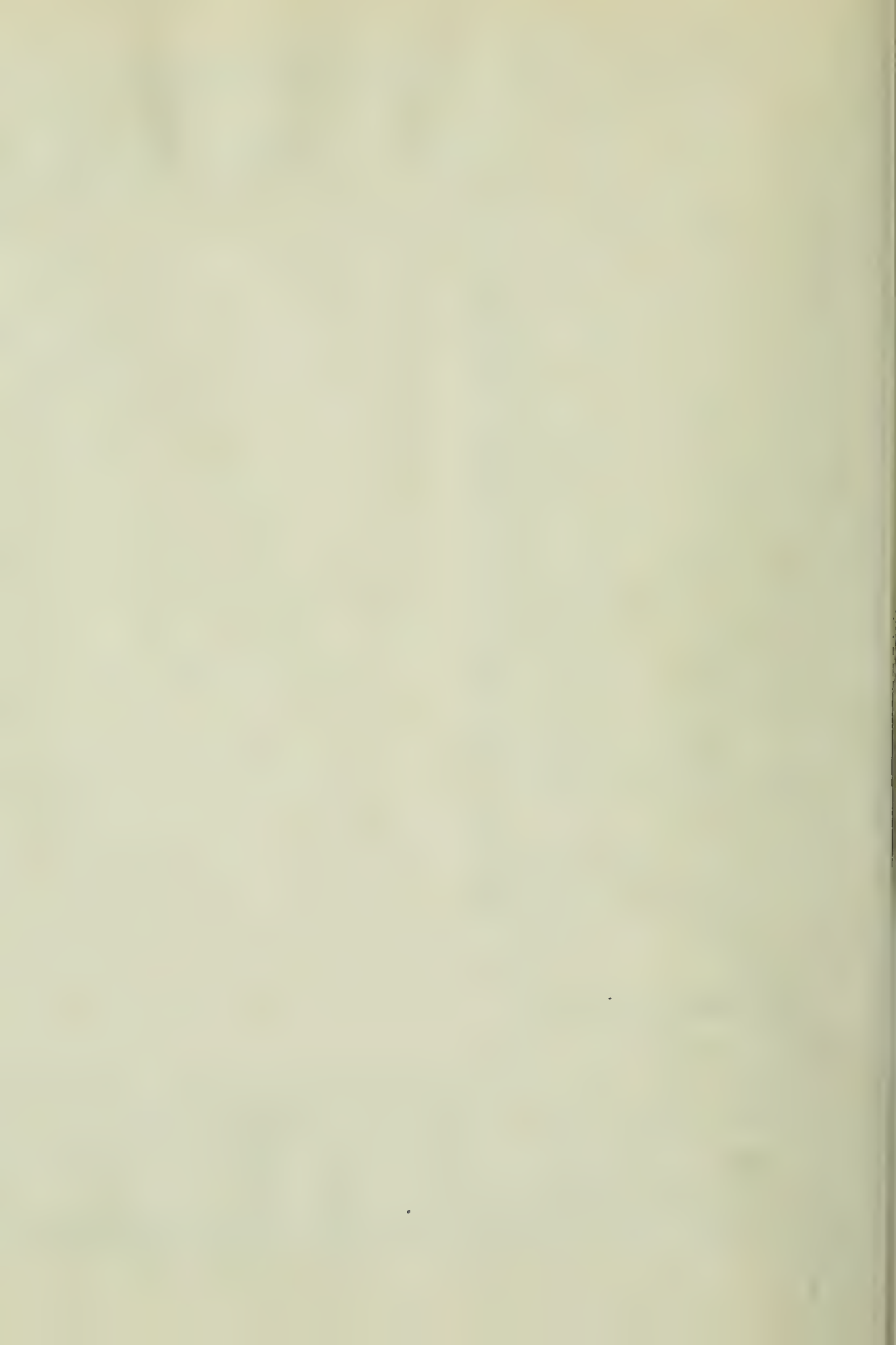






Milan: The greatest economic and financial centre









Como: The centre of silk production







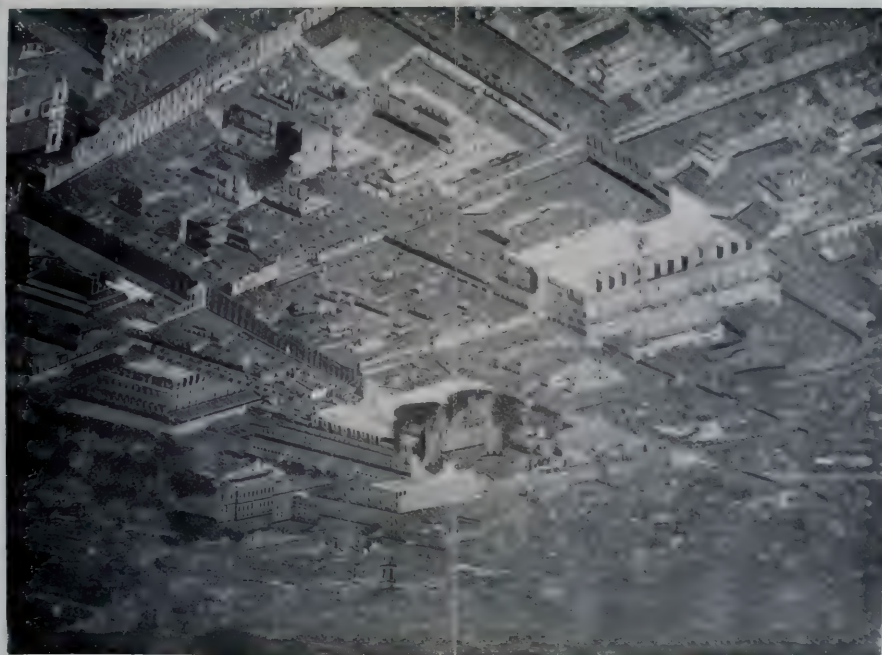


**Brescia:** A centre for metallurgical and mechanical industries









Turin: The city of great automobile industries









Alessandria: Where the felt hat industry prospers









Genoa: The principal port of Italy









Savona: The complementary port of Genoa









Cengio: A new centre of chemical industries









Spezia: The safest port on the Tyrrhenian Sea









Venice: A famous emporium that is reviving







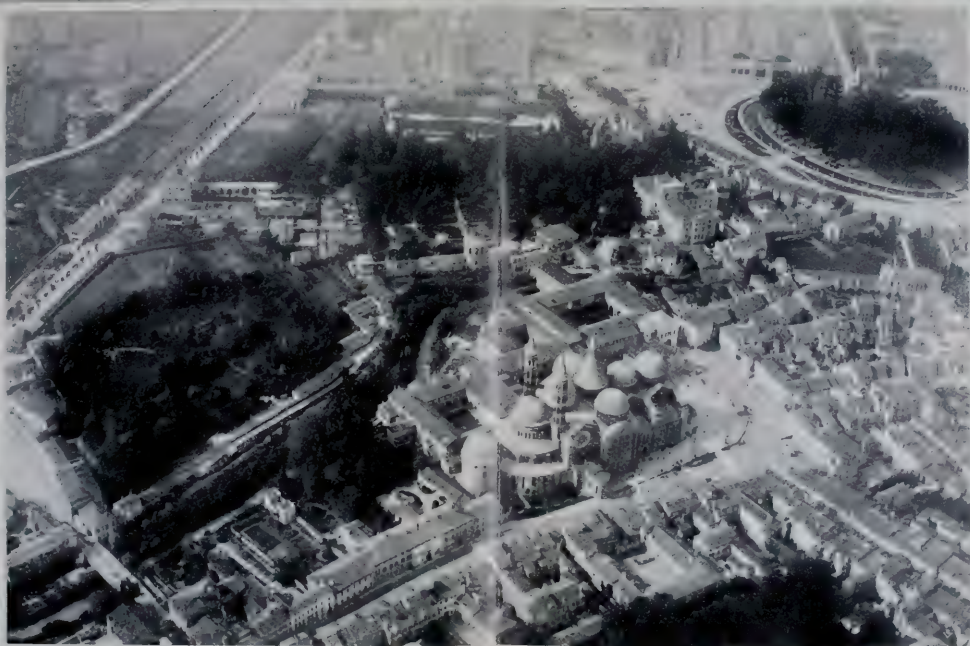


Verona: On the main line for trade with Central Europe









Padua: A centre of agricultural industries









**Trieste:** The commercial key of the Adriatic









Pola: The strongest naval base on the Adriatic









Fiume: The free port of the Gulf of Quarnero









*Zaira: A city of characteristic industries*









Bologna: The market for the fertile lands of Emilia







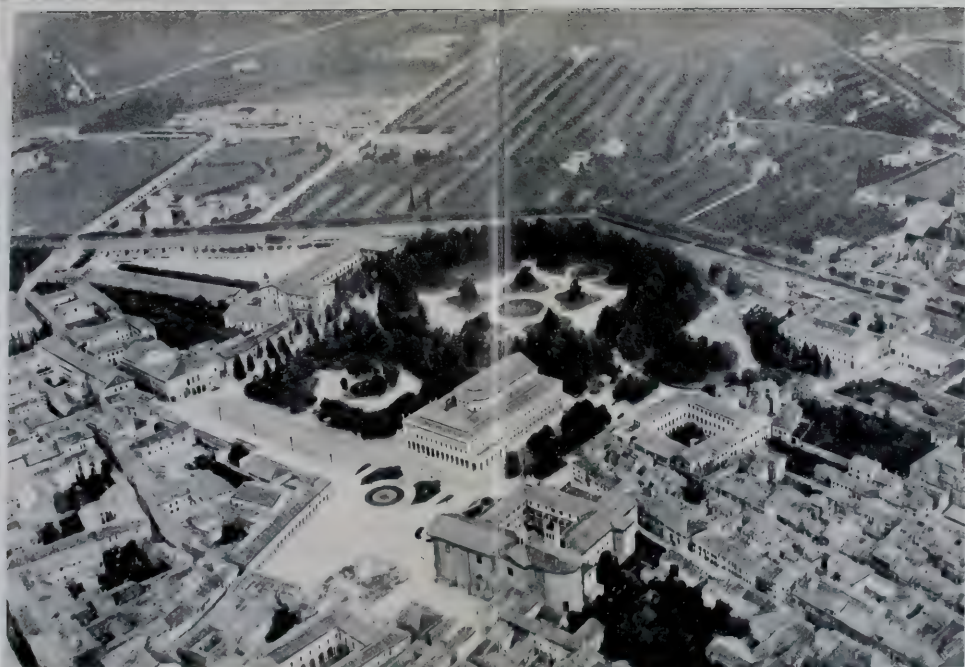


**Ferrara:** In the region of great drainage works for the benefit of agriculture







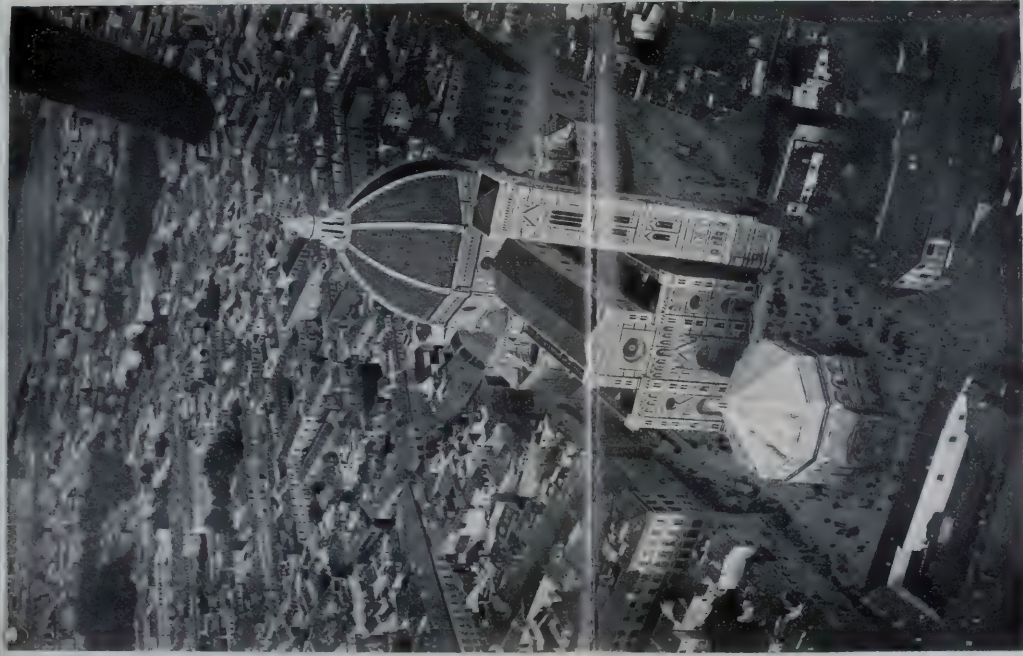


Reggio Emilia: A centre of dairy produce, and cheese making







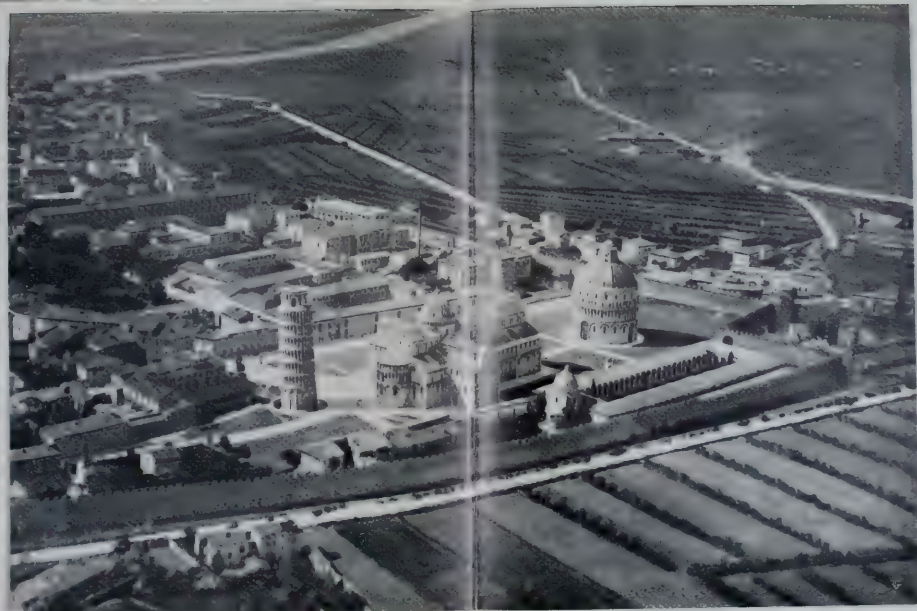


Florence: Where art lives again in industry



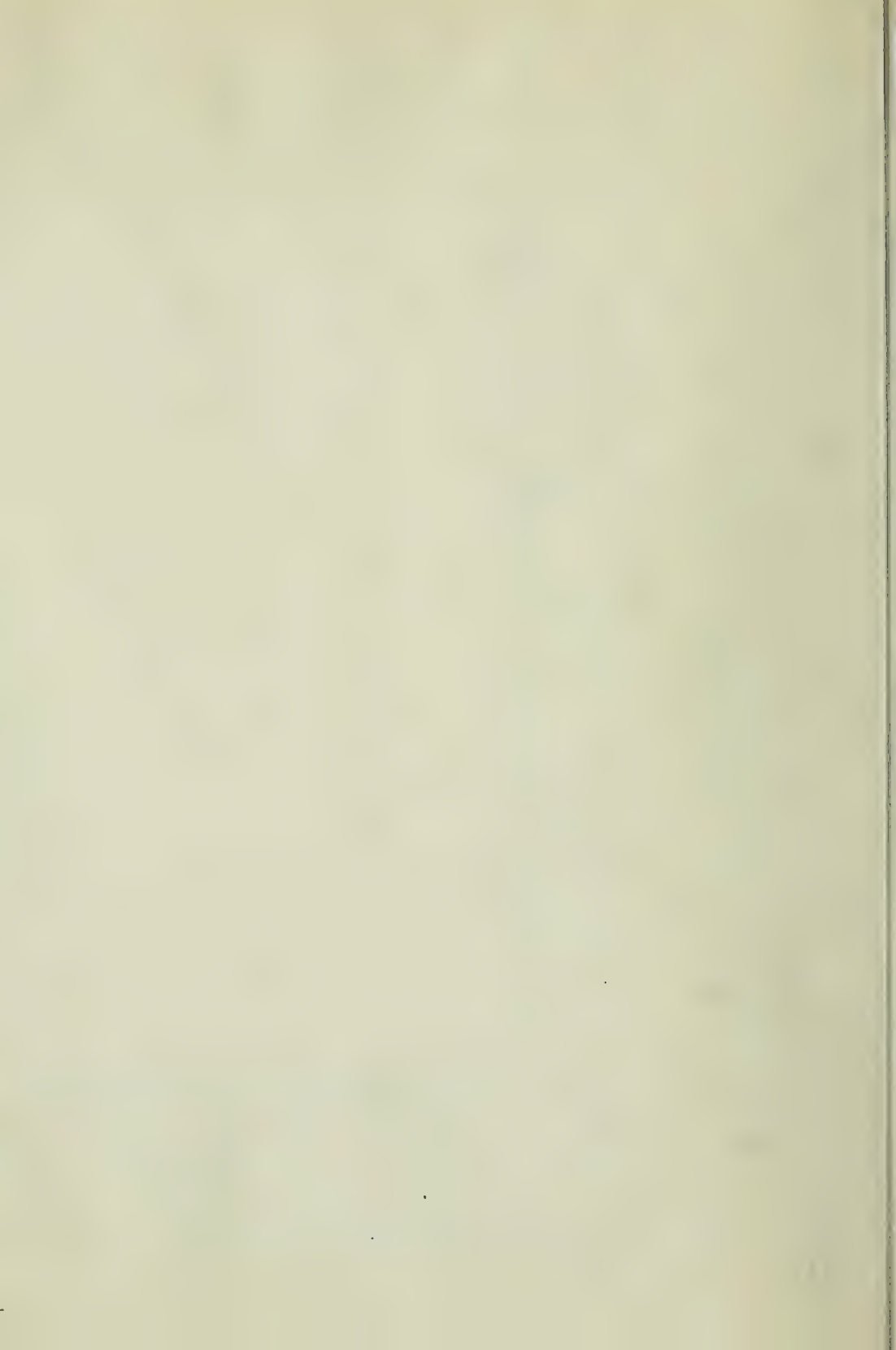






Pisa: The city of crystals and alabaster









Leghorn: A busy sea port









Lucca: The city that has made Italian olive oil famous







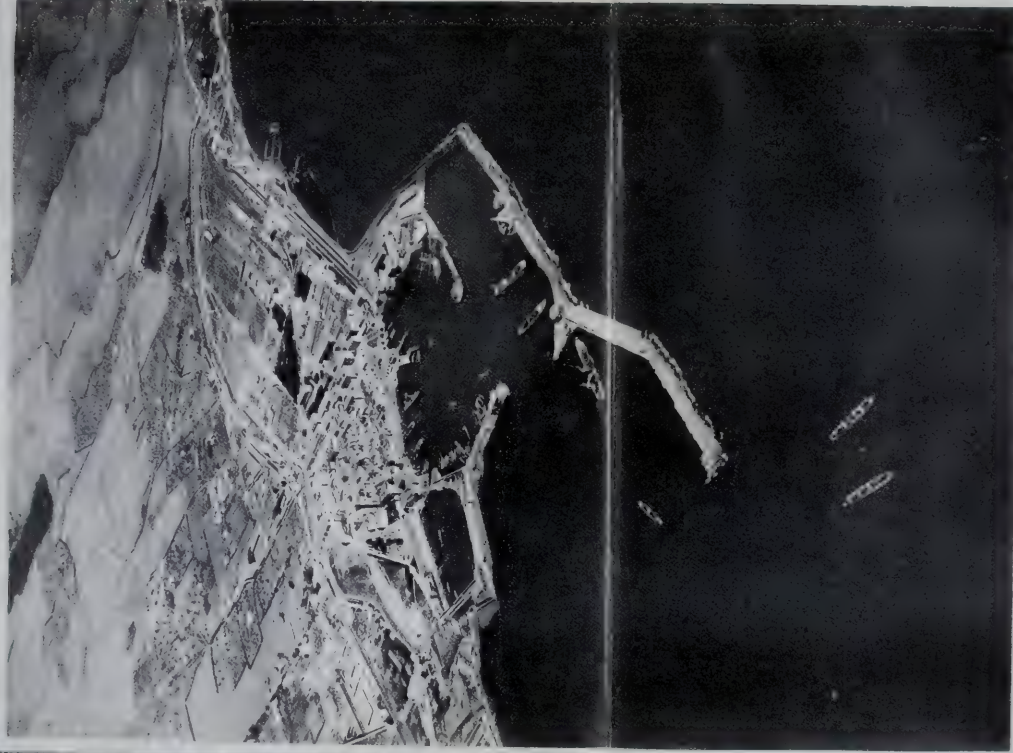


Porto Ferraio (Elba): The port for the iron trade









Civitavecchia: The port of Rome









Naples: The centre of all the manifold forms of the activity of the south









Ancona: The Adriatic port of Central Italy









Bari: The link with the Balkans









Foggia: In the wine growing district of Apulia









Brindisi: The port for the Indian trade









Otranto: At the narrowest part of the Adriatic









**Taranto:** A magnificent natural port with every modern appliance









Palermo: The greatest port for trade with Sicily









Catania: The port for the sulphur trade and for the export of "agrumi" (oranges, lemons, etc.)









Messina: The famous city of the straits









Cagliari: The port of brave Sardinia









Tripoli: The largest colonial city









Massawa: The port of the Erythraean colonies















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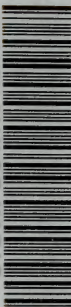
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